

BUSINESS WEEK

Controls End

PAGE 25
PAGE 132



Continental Can's Lucius D. Clay: Dams, guns, or cans—it's still the same job (page 74)

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FEB. 14, 1953

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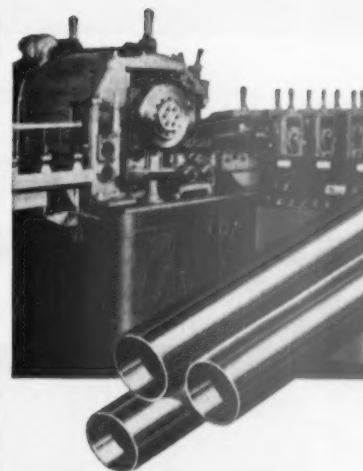
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BUSINESS WEEK • FEB. 14 • NUMBER 1224

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*Latitude? Longitude?
Azimuth? Angle?*

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to tell exactly**

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Now... you can record up to 28,000 3 x 5 inch cards... up to 10,700 letter-size documents on a 100 foot roll of 16mm. Recordak Microfilm—the greatest number of pictures ever... at the lowest film cost per picture! And the Recordak

Bantam Microfilmer does more than cut film costs—it enables you to microfilm at maximum speeds... with maximum convenience.

It features a built-in automatic feeder which whisks over 500 checks into the microfilmer per minute; over 200 letter-size documents. And as for convenience—look at the compactness of this new microfilmer... less than 4 sq. ft. of desk space is required... everything's at the operator's finger tips—the feeding tray and the receiving tray, for example, only inches apart.

Versatility Plus

Documents up to 11 inches wide, any length, can be photographed in the Recordak Bantam Microfilmer at varying reduction ratios to suit your convenience. For

"Recordak" is a trade-mark

example, records 11 x 14 inches in size can be photographed at a 40-1 reduction ratio, which gives you maximum film economy; also at reduction ratios of 24-1 and 19-1, using readily interchangeable lens kits.* Documents less than 9 inches wide can, in addition, be photographed at a 32-1 reduction ratio with an accessory lens kit.*

Surprisingly Low Purchase Price

The Recordak Bantam Microfilmer (with one lens kit) can be purchased outright for \$1800; and its companion piece, the Recordak Film Reader (Model P-40), for \$425. One year of service—including parts replacement—will be provided at no extra cost.

Rental cost, including one lens kit and the Model P-40 Film Reader is \$43.50 per month. No extra charge for servicing or parts replacement.

Write today for complete information on the Recordak Bantam Microfilmer. Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N. Y. *accessory equipment at slight extra charge.

All prices quoted are subject to change without notice.

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to business systems



You can record all documents up to 11 inches wide, any length, in the Recordak Bantam Microfilmer. Thus, deeds, legal-size documents, etc., can be recorded as well as your smaller items.



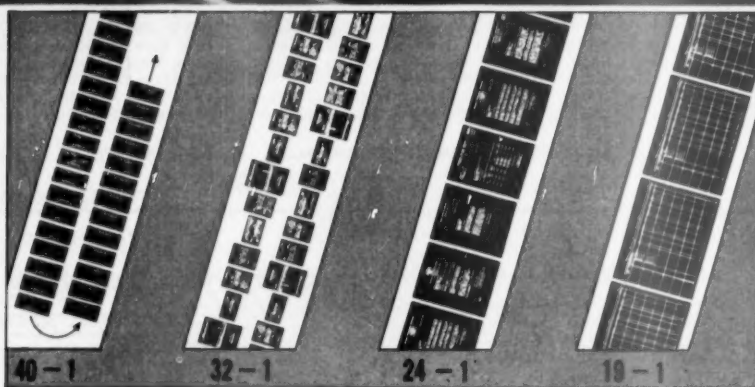
Your film records will be enlarged sharp and clear in the Recordak Film Reader (Model P-40). And large-size facsimile prints can also be produced quickly—directly from your microfilms.

INTRODUCING

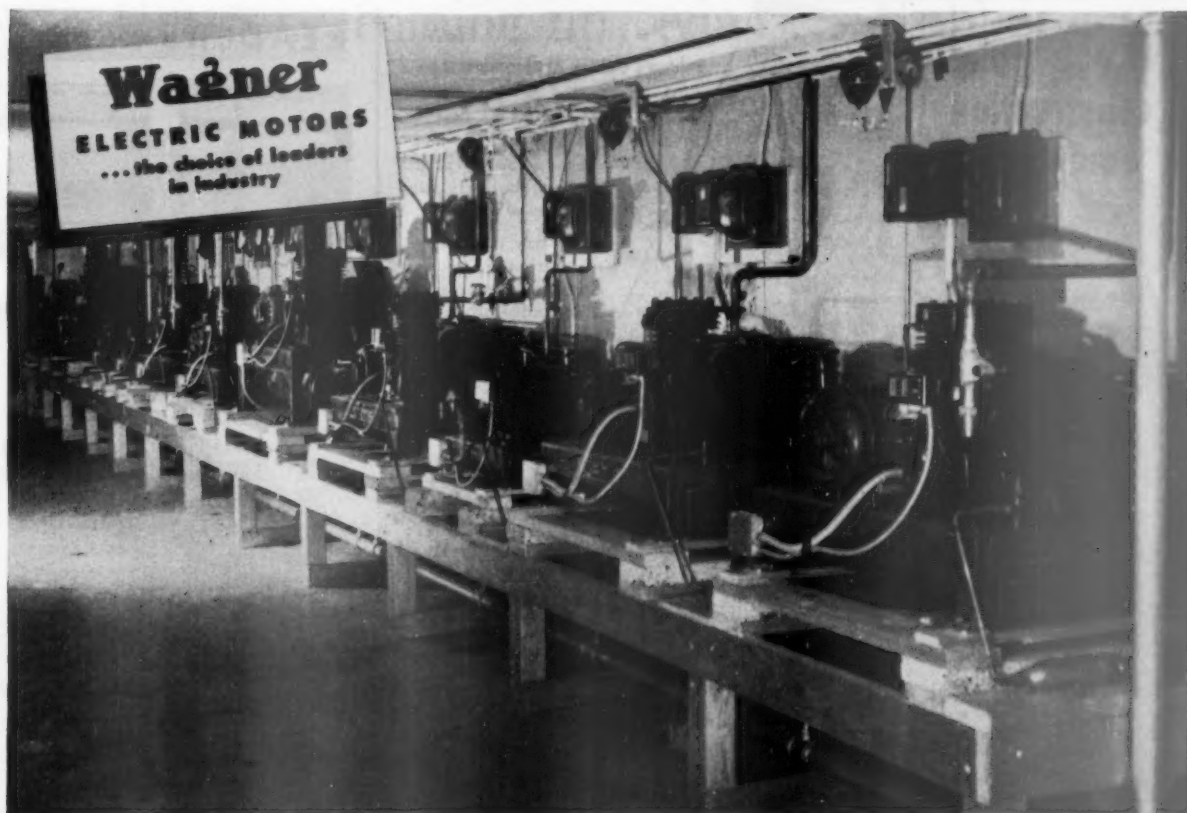
... the Recordak Bantam Microfilmer



You can feed documents by the handful. The built-in automatic feeder does the rest... eliminates individual handling... enables you to take over 500 pictures per minute.



You have this choice of reduction ratios... and you can change from one type of recording to another in a matter of minutes—simply by substituting the desired type of lens kit in the camera.



Bank of Curtis refrigeration units powered by 1/3 to 3 hp Wagner Motors.



how refrigeration melts sales resistance

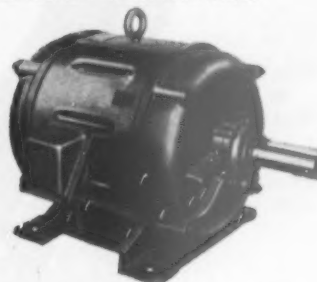
Sales-minded merchants know that goods that can be seen can be sold. Just a few years ago, food merchandisers faced the problem of how to properly display meats, dairy products and other items that require constant refrigeration. In today's supermarkets, tempting arrays of these products are prominently displayed within easy reach of self-service shoppers. Open refrigerated food cases *really* melt sales resistance.

The photograph above shows a typical bank of Curtis refrigeration units that provide refrigeration for 66 feet of self-service meat cases and 14 fish and poultry cases in the largest Kroger Store in the St. Louis area. The Curtis Manufacturing Company chose Wagner

Motors for this installation because Curtis knows that its 99-year-old reputation is built on dependability.

Wagner Motors are the first choice of many manufacturers of refrigeration equipment because they give the kind of long troublefree service that builds customer satisfaction, and because Wagner's nationwide service facilities mean quick service—when and where it's needed.

A Wagner engineer can help you select the correct motors for *your* requirements. Consult the nearest of our 32 branch offices, or write us.



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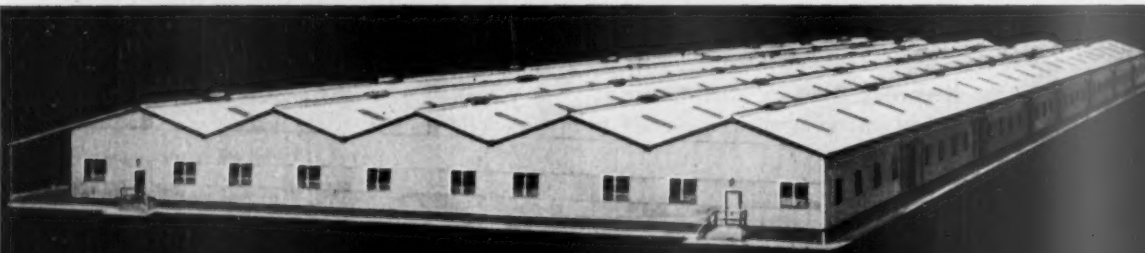
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Hot coke coming up...via U. S. Rubber



This U.S. Giant Hot Coke Conveyor Belt operates between the coke wharf and the blast furnace. Length is 1170 feet.

Transporting hot coke presented what seemed to be an insurmountable problem to a western steel mill. The hot coke charred and damaged the conveyor belts. Right-angle loading caused severe scuffing. Seeking a solution, the mill operators called in engineers of the United States Rubber Company. In addition to making and selling belts, "U.S." designs belts that meet precise specifications and unusual conditions. In this case, the "U.S."

engineers designed a special belt. It is performing so well that it will carry a record tonnage for this drive, saving many thousands of dollars in belt replacements.

This mill also uses many other "U.S." products—including industrial hose, pilot pipe, and packings. The entire installation is a good example of how "U.S." serves industry, and of how "U.S." quality prod-

ucts enable you to operate more economically. Our 25 branch offices, each staffed with engineers, are at your service. Write to address below.



"U.S." Research perfects it
"U.S." Production builds it
U. S. Industry depends on it

UNITED STATES RUBBER COMPANY
MECHANICAL GOODS DIVISION • ROCKEFELLER CENTER, NEW YORK 20, N. Y.

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Wiremaker for
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To You,
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—product performance that can come only from a "know-how" that has grown through actual service since the early days of the electrical industry.

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In the years that follow
This Belden
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—TO BE
CONTINUED

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CUT COSTS with a specialized cable—improved cables developed specifically for the welding industry.

CUT COSTS in lowered production waste and fewer rejections upon inspection. Cut costs by reducing customer complaints—cutting repair comebacks—for low-cost maintenance and insurance of customer good will.

CUT COSTS: specify Belden Welding Cable. Check its advantages with Belden engineers, today.

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Plus Protection
in Belden
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Belden

WIREMAKER FOR INDUSTRY

READERS REPORT



DeSoto V-8



DeSoto 6



Chrysler V-8



Chrysler 6



Dodge V-8



Dodge 6

Little Child Shall Lead Them

Dear Sir:

In looking over your wonderful BUSINESS WEEK magazine, I noticed something on pages 30 and 31 [BW—Jan. 10'53]. [In the story "Detroit's Competitive Lineup for 1953"] the picture you have illustrated of your DeSoto 6 really is a DeSoto V-8. Likewise for the Chrysler, and the Dodge. The way you can tell is by the V on the front of all three said 6s.

MEL STORZ, JR.

ALLENHURST, N. J.

Dear Sir:

Is my kid correct?

MEL STORZ, SR.

ALLENHURST, N. J.

• Yes, your son is right. Photos available when we went to press included only the 8s. The pictures above show the differences between the 8s and 6s.

Of Home and Boobytrap

Dear Sir:

Congratulations on your sound advice to prospective home purchasers in "Personal Business" [BW—Jan. 24'53, p155]. Too many people overlook those "boobytrap" clauses in contracts of purchase. One point on which I must take exception, however, is that the "bread and butter" to which you refer, comes only after a purchaser has been satisfied. Most often a buyer is able to buy at less than the asking price due to



What's eating *YOU*?

Profit-consuming costs can eat a business out of house and home—especially in the restaurant business.

With 50% of receipts going for raw foods, 40% for other costs, only 10% is left for profits and taxes. The margin's so narrow that the profit on a whole pie is gobbled up when a dishwasher eats one slice as a between-meals snack.

No wonder half the restaurants that start business close up shop or change hands within twelve months.

To make ends meet calls for pinchpenny cost controls. A good example is the system McBee cooked up for Frisch's Big Boy drive-in restaurants in Cincinnati.

Every time one of the twelve Big Boy stores calls headquarters to order food or supplies, its request is recorded on a McBee Keysort requisition card. There

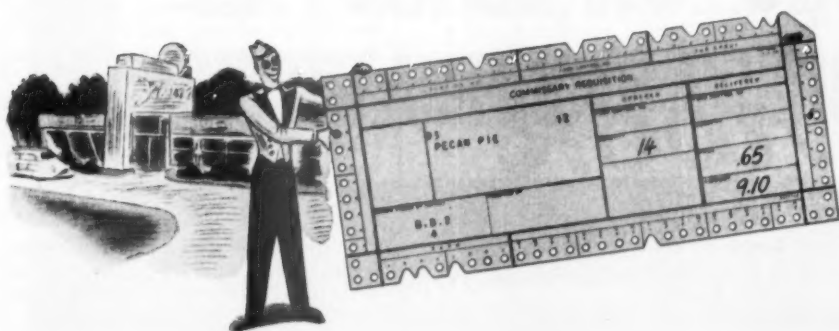
are 208 different kinds of cards. An operator selects the proper card for each item ordered and fills in the quantity requested.

Pre-coded marginal holes in each card are notched to indicate store number and date. One order may employ 50 or 60 cards.

More than 1,000 requisitions are sorted daily to keep tabs on every hamburger and every cup of coffee. Trouble shows up in time for management to step in quickly.

Big Boys, and little fellows too, find Keysort the simplest, fastest and most economical method of keeping the records straight. Keysort requires *no* special office personnel, *no* costly machine installations.

Ask the McBee man near you for a frank estimate of McBee's advantages to your own business. Or write us.



THE McBEE COMPANY

Sole Manufacturer of Keysort—
The Marginally Punched Card
295 Madison Ave., New York 17.



Offices in principal cities.
The McBee Company, Limited,
11 Bermondsey Road, Toronto 13

(Advertisement)

ARE YOU A BUSINESSMAN WHO WOULD LIKE TO REDUCE HEATING COSTS UP TO 40%?

An important message to business management
from the Continental Radiant Glass Heating Corp.

Heating has come a long way since the days of the pot-bellied stove. Oil, coal, gas offered new convenience and practicality. But many problems remained.

These fuels are expensive. Much of the heat is lost; only a fraction reaches the area to be heated. The machinery used to generate the heat is expensive and wears out with use. It requires wages for upkeep, costly parts for replacement.

The Answer

Heating engineers racked their brains to overcome these problems. Finally, one group found the answer: Electricity, operating on the same principle of infra-red radiation that delivers heat from the sun. They named it GLASSHEAT, since the heat is radiated directly from glass panels which are conveniently mounted on walls.

These panels are automatically controlled by individual room thermostats to give heat only when and where you want it. No need to keep your heating system operating over week-ends or non-productive periods.

GLASSHEAT was first introduced for home use. Its acceptance was immediate and widespread. Home owners found it to be convenient and economical. It is clean, creates no dust, soot or oil smudge. It is completely silent and odorless. It is fire-safe. It provides direct heat; wastes no time in "warming up." It saves space. And it is healthful heat, because it does not "dry out" the air.

It reduces lost labor time due to respiratory troubles caused by dried-out air. The humidity factor with GLASSHEAT is always 30% or better—the level at which the common cold is most ineffective.

Means Savings to Business

Industrial plants, office buildings, stores and hotels were quick to see the money-saving, time and work-saving advantages of GLASSHEAT. Obviously, it presented an unheard-of opportunity to get better heat and at the same time, slash maintenance

costs, fuel costs, fire insurance costs, and lost labor time. Also, better working conditions result from the more comfortable heat, the cleaner, clearer air.

One Company Saved \$26,000 the First Year

An article in Business Week, 1951, reported that the Norwich Industries, Inc., in Norwich, N. Y., rather than replace a worn out boiler, installed GLASSHEAT. It turned out to be a move that realized a savings of \$26,000 for the first year alone.

Replacing the boiler would have cost about \$25,000. GLASSHEAT installation was \$6,000. Coal had cost about \$11,000 a year. GLASSHEAT, under \$8,000 for current. Fireman's wages were \$4,000. GLASSHEAT, no wages, no maintenance. And the future operating economy is \$7,000 a year, not counting valuable space saved, lost labor time saved.

GLASSHEAT is ideal for new construction, remodeling or replacement. Conversion is simple and does not interfere with workers, machinery or present heating system. It is Underwriter's Laboratory Approved—practically incapable of causing injury—and eligible for all financing.

Free Information, Estimates

To get complete details and estimates write PLANS AND ESTIMATES DEPT., CONTINENTAL RADIANT GLASS HEATING CORP., 1 EAST 35th STREET, NEW YORK 16, N. Y. In Canada, write Glassheat of Canada, Ltd., Toronto, Montreal.

One Thing More

GLASSHEAT can make a big difference in your profits. It costs nothing to get the facts—to learn how others in every type of business are saving money with GLASSHEAT, and how you can do the same.

We will gladly analyze your heating problems and provide the engineered solution at no charge.

the efforts of a good bargaining agent.

And by the way, I am for the purchaser paying the commission, for he is the one who receives the greater service.

THOMAS J. DAVIS

REAL ESTATE
STAMFORD, CONN.

Dear Sir:

In your issue of Jan. 24, 1953 (page 155), you discuss the important investment of house purchase. You state: "There ought to be an accurate description of the property, either by a lot number, or by metes and bounds, or courses and distances. These should be checked against a survey, if there is one."

This is all very true as far as it goes, but a point that is so often missed is that there should be a survey. The seller should be required to point out the stakes which show the boundaries of the property and produce a survey that is, say, not over five years old.

The purchaser can have absolutely clear title to a plot of ground but there is nothing in that title that shows definitely where the property lies on the ground, or whether the buildings involved are actually on the property.

Too often I have been called upon to make a survey some months after the property has changed hands only to find that the garage is half off the property; the driveway is on the next lot; most of the shrubbery is not on the right lot; or something of the kind. Most of this kind of thing is not done deliberately, but in ignorance. . . .

LESLIE W. MAHONE

REGISTERED PROFESSIONAL ENGINEER
AND LAND SURVEYOR
CLEAR LAKE, IOWA

• A survey is the one way to make sure that the description of the property in the sales contract is accurate. A prudent buyer will insist on one—in addition to the title search.

Of Maximum Interest

Dear Sir:

As leading group insurance consultants, we were tremendously interested in your article entitled "Group Insurance" in the Jan. 24, 1953, issue (page 60). . . .

Group insurance problems are of maximum interest to the American business community. May we have more articles on this subject.

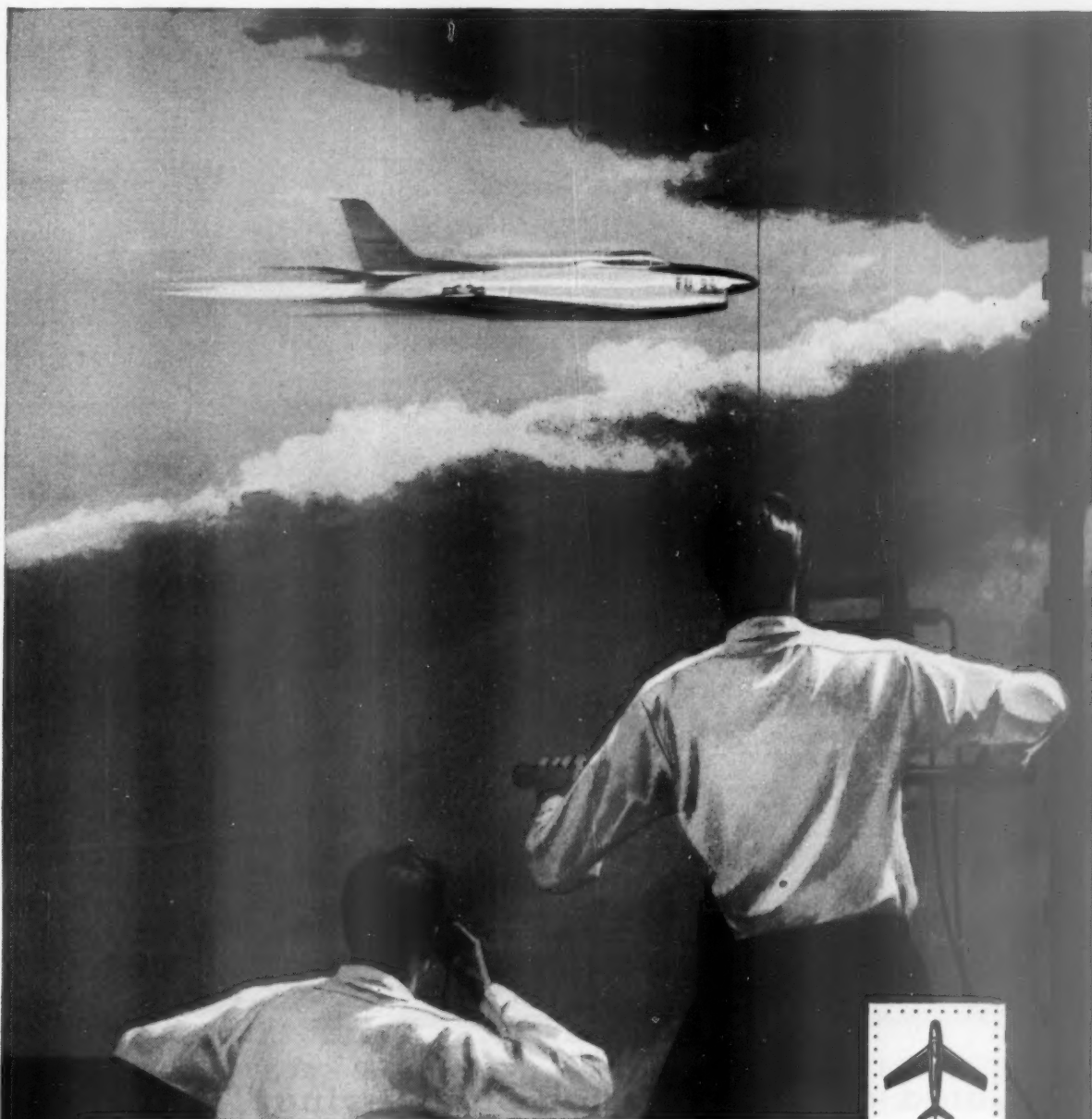
ELMER G. LETERMAN

ELMER G. LETERMAN CO.
NEW YORK, N. Y.

On the Level

Dear Sir:

. . . response to the article "Business Economist on the Prowl" [BW—



New World Speed Record... 699.92 MPH

Capt. J. Slade Nash, USAF... F-86D Sabre Jet

NORTH AMERICAN AVIATION, INC.

NORTH AMERICAN HAS BUILT MORE AIRPLANES THAN ANY OTHER COMPANY IN THE WORLD

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Jan.10'53,p134], has been exceptional by my standards and is a tribute to the wide circulation among high-caliber readers across the nation. . . .

WALTER E. HOADLEY, JR.

ECONOMIST

ARMSTRONG CORK CO.
LANCASTER, PA.

Where Looks Count

Dear Sir:

Your interesting article on reading racks [BW—Jan.31'53,p75], overlooked a significant point. The fact that employees pick up a large quantity of a particular booklet does not necessarily mean it is being thoroughly read. It attests primarily to an interesting title and an attractive cover.

Some of these booklets are extremely well designed and very readable. But others have type that is too small, lines that are too long, and illustrations too scanty or completely lacking. Some are reprints of magazine articles with lengthy sentences and abstract thinking not designed for employee audiences at all. They kill reader interest in the first page or two. . . .

JOHN L. BECKLEY

PUBLISHER

THE ECONOMICS PRESS
MONTCLAIR, N. J.

Where Folks Count

Dear Sir:

. . . In the Regional Report on Income [BW—Nov.29'52,p130], under the report on the Dallas area (page 142), second column, first complete paragraph, reading in part, is this statement: ". . . San Antonio has now passed Dallas in population to become the state's second-largest city."

We feel this to be a "suspect" statement. . . . Our City Plan Dept. has estimated, as of July 1, 1952, a population of some 495,000 people in the City of Dallas only, excluding the population in the four "island" cities.

. . . Perhaps the source for the statement quoted above from BUSINESS WEEK stems from a United Press dispatch out of San Antonio, under date line of Sept. 25, 1952, relative to an annexation by the City of San Antonio of 80 sq. mi. and 32,000 persons, and the "claim to being the second largest city in Texas, displacing Dallas." . . .

THOMAS W. FINNEY

MANAGER

INDUSTRIAL DEPT.
DALLAS CHAMBER OF COMMERCE
DALLAS, TEX.

• We are so used to hearing about anything being bigger in Texas that we never thought to challenge the statement.



BROWN & ROOT'S *PLUS* SERVICES COMPLETE PROJECTS FASTER . . . MORE ECONOMICALLY

In every major fabrication center of the United States, BROWN & ROOT maintains highly trained experts in procurement and expediting. They know where materials and equipment are, and how to get them to a BROWN & ROOT project *fast*.

These are only a few of the services that bring BROWN & ROOT customers back again and again. Fully equipped to do a *complete* job—from selecting the proper site for any plant or project on through designing, engineering, and fin-

ished construction—BROWN & ROOT specialists “deliver the goods” *on schedule*, ready for immediate operation.

Key men in the top ranks of industrial achievement know the value of these *plus* services. That's why the BROWN & ROOT roster of satisfied clients reads like the Who's Who in Industry.

Why not join their distinguished company if your plans call for expansion or new construction? A BROWN & ROOT representative awaits your call, at no obligation.



BROWN & ROOT, Inc. *Engineers • Constructors*
P. O. BOX 3, HOUSTON 1, TEXAS

CABLE ADDRESS — BROWNBILT

Associate Companies:— BROWN ENGINEERING CORP. • BROWN & ROOT MARINE OPERATORS INC.



Could a Coating That Cuts Drying Time 94% Save You Money?

Recently a manufacturer of farm equipment was worried over high painting costs. He heard about styrenated alkyds and investigated. He learned that styrenated alkyds could be formulated into finishes that air-dried tack-free in 15-20 minutes instead of the 4 hours required by the straight alkyd finishes he was using. He also learned that when the straight alkyd was styrenated in a 1:1 ratio, it could cut the cost of the coating vehicle 25%!

He talked it over with his paint supplier. The paint maker readily produced a heavily pigmented coating that gave good luster and did the job with a single coat.

Then the paint maker went further. He added several styrenated alkyd formulations to his line. He promptly got orders from toy and metal locker manufacturers who wanted air-drying finishes they could recoat as fast as possible. He reformulated several of his baking finishes, using styrenated alkyds, and lowered his cost. These products brought new accounts in the metal furniture business.

Investigate this new pattern for profit. Request a copy of Technical Data Report TX-10: "Styrene Modified Alkyd Resins."

Lower-cost, quick-drying finishes are now possible because of the readily available supply of Mon-

santo's styrene monomer. MONSANTO CHEMICAL COMPANY, Texas Division, Texas City, Texas. Monsanto is a basic supplier of styrene monomer, maleic and phthalic anhydrides, and other materials used in the manufacture of alkyds, polyesters, and a wide variety of copolymers. Ask us to help you.



SERVING INDUSTRY...WHICH SERVES MANKIND

BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 14, 1953



What have investors suddenly sensed that's so frightening? It's hard to dodge that question after last week's stock market break (page 120).

First, you have to decide whether you place any faith in the market as a forecaster; its postwar record isn't convincing. Wall Street bulls will tell you this dip is "technical," hence meaningless.

Nevertheless, it may be a reappraisal of 1953 business prospects.

This boom must face its first test of the new year very soon.

You and I have to pay taxes. Consumers will be paying on the largest average incomes they ever earned, and corporations have to get up 40% of their total 1952 tax liability on Mar. 15.

Every year since the war this has caused a certain sluggishness.

Uncle Sam will be running a big cash surplus the rest of this fiscal year. That, in itself, is deflationary (quite aside from the effect that the tax payments have on the spending attitudes of consumers).

The Treasury has rolled up a deficit of nearly \$10-billion for fiscal year to date. That will be largely wiped out before midyear.

Business activity probably is approaching that long-predicted plateau—if it hasn't already just about reached it.

Business Week's Index (page 21) seems to be flattening out, at least temporarily. However, its high level indicates that the Federal Reserve Board's Index for February should come close to 240.

The first phase of the postwar boom hit 195 early in 1949, the second 223 in 1951. A peak "in the neighborhood of 240" for the third may have seemed optimistic when we suggested it (BW-Sep.6'52,p17).

There's a suspicion that some of today's production is going into inventory somewhere along the line. Certainly this is true of steel.

Higher consumer spending than ever thus will be needed to keep all the wheels turning at their present rate.

Labor supply, after all, may place a ceiling on production.

Employment will rise, of course, between now and summer. But most of the gain will be in outdoor work, mainly farming and construction.

However, the key figure from a production standpoint is factory labor. This already has reached a postwar high with 16.7-million jobs, 750,000 above a year ago.

Manufacturing can't look in the usual places for new workers. Unemployment offers no real source of supply. Farm reserves have vanished. And the women who want work are working.

Employment in January was 60½-million. That was the highest ever for the month and some 800,000 over last year's figure.

Nonfarm employment has come down (mainly in retailing) since the yearend rush. Yet the total is above 55-million; that's a new high for this time of year, up about 1½-million from a year ago.

And unemployment still is below 2-million.



These huge natural gas engines, about 40 to a room, drive the generators, furnishing all the electricity used by Alcoa to produce 170,000,000 pounds of aluminum in this plant yearly.

800 BOXCARS OF AIR KEEP GENERATORS AT PEAK EFFICIENCY

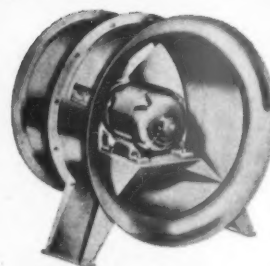
Down at Point Comfort, Texas, a new kind of power plant was built a few years ago. 120 engines, running on natural gas, drive huge electric generators. Their job: to supply the current to smelt defense-needed aluminum. One of the biggest problems, though, was to keep the equipment running cool and thus at top efficiency.

120 Westinghouse Axiflo® fans did the trick. Each draws 12,000 cubic feet of air through the generators every minute, picking up the excess heat. Then the air is piped through concrete ducts and out exhaust stacks which line both sides of the building.

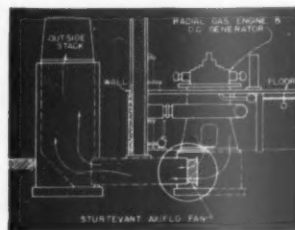
Now Alcoa has just expanded this power plant. They have installed 74

new engines—and Westinghouse has supplied 74 more Axiflos. All in all, the 194 fans will move over 2,300,000 cubic feet of cooling air through the generators *every minute*. That's enough air to fill a trainload of 800 boxcars!

One day—today or in the near future—you may have a problem that involves *putting air to work*. When you do, remember that Westinghouse has the most complete air conditioning, air cleaning and air handling line in the industry. See the new Catalog 600. It contains 60 fact-filled pages on products, uses, and helpful data. To get your free copy, just call your local Westinghouse-Sturtevant office. Or, write to Westinghouse Electric Corporation, Sturtevant Division, Hyde Park, Boston 36, Mass.



Axiflo Fans keep them cool. They're compact, efficient, and trouble-free. That's important for hard-to-get-at jobs.



Cooling-air drawn through the engine generators picks up the intense heat, then safely exhausts it through individual stacks.

YOU CAN BE SURE...IF IT'S **Westinghouse**

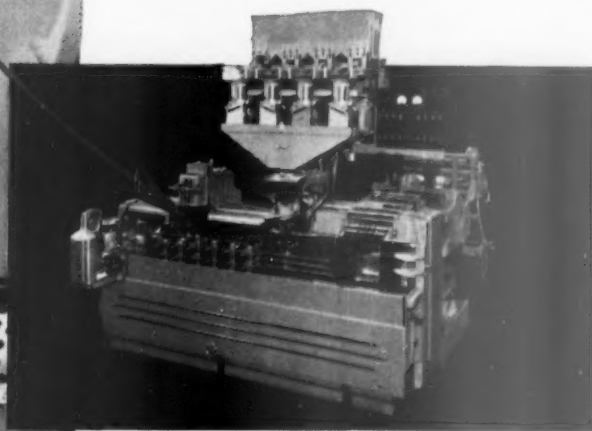
J80281

AIR HANDLING

It's in the Bag...

WITH VISIBLE PROTECTION

Nimble-fingered machines, far more agile than human hands, speedily package a variety of products. In one continuous operation ingenious bag making and packaging equipment automatically forms and fills transparent packages with an exact quantity of product, sealing them *air-tight*, ready for market. When it comes to protecting perfection in quality and freshness, *it's in the bag...* Another example of how FMC is serving the vast packaging field through its subsidiaries Simplex Packaging Machinery, Inc., and Stokes & Smith Co.



FMC Simplex-O-Matic machines automatically package an accurate measure of confections, nuts, macaroni, rice, beans and other products.



Trade Mark

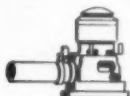
FOOD MACHINERY AND CHEMICAL CORPORATION

EXECUTIVE OFFICES: SAN JOSE 6, CALIFORNIA

DIVISIONS: Bolens Products • Canning Machinery • Florida • John Bean • Mechanical Foundries • Niagara Chemical • Ohio-Apex Packing Equipment • Peerless Pump • Westvaco Chemical • Buffalo Electro-Chemical Company • SUBSIDIARIES: Mowamatic Corporation Propulsion Engine Corporation • Simplex Packaging Machinery • Sonith Industries • Stokes & Smith Company • Oakes Manufacturing Company



BOLENS GARDEN TRACTORS



PEERLESS PUMPS



JOHN BEAN SPRAYERS



S & S PACKAGING MACHINERY



FMC CANNING MACHINERY



FMC FIRE FIGHTERS

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

FEBRUARY 14, 1953

Farms provided jobs for less than 5½-million people in January.

That was the first time on record that we ever had fewer farm workers than farms. The reason is simple: During the slack season, many farm operators (and their sons and daughters) took city jobs.

This always happens in the winter if nonfarm jobs are plentiful. But it never before happened on the present scale.

Thus you can see how little help factories can draw from farms.

Women will contribute relatively less to the labor force over the next few years than they have in the recent past.

Boom times and the armed-forces buildup made it easy for women to find jobs. Men were being taken into service at the same time that production was being expanded. Women filled the gap.

There are now about the same number of men holding jobs as four years ago. Over the same period, the number of working women has risen by about 2-million—with nearly 19-million now in jobs.

This gives an idea how we have drawn on marginal workers.

Over the long pull, a bigger percentage of women may take jobs.

But, for now, the postwar increase has about spent itself. In 1952, 33.8% of all women were in the labor force. This was unchanged from 1951—although each previous year had shown a gain after 1947's 31%.

High employment has its own recompense, from an economic standpoint, even though it may limit further expansion of production.

Workers put in longer hours, and hourly pay rates go up without any great resistance (as we have seen ever since the end of World War II).

The economic plus, needless to say, is in purchasing power.

Hours per week and weekly earnings in factories have crawled to new postwar highs—41.8 hours and \$72.36 per week in December.

Auto production will do its part to support the boom, but its rise in output may not be so steep as the casual observer would expect.

The fact is that the industry already is going great guns. Output recently has been at a rate of more than 5¼-million new cars annually.

Even when it reaches its peak, the industry isn't shooting for a goal a great deal higher than the present output rate.

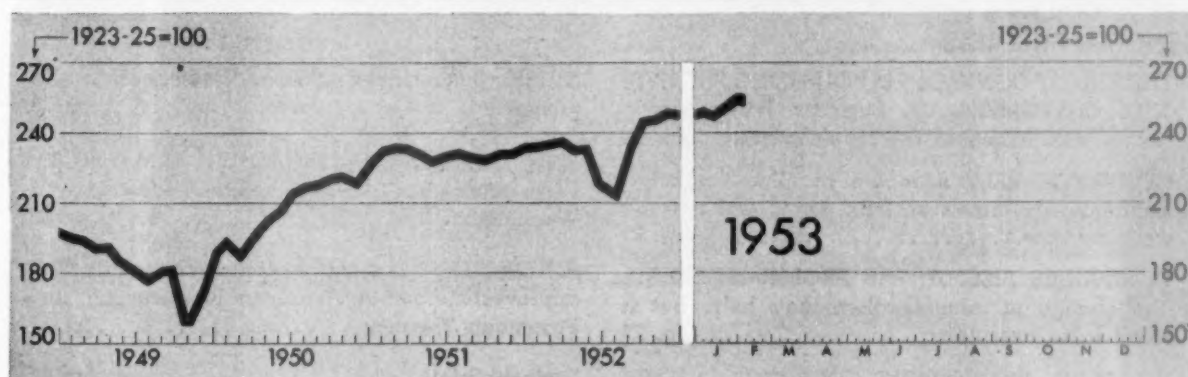
Demand for workers in Detroit, if anything, is slackening, Michigan Employment Security Commission says. The auto industry will need a few hands, but declines elsewhere will more than bring a balance.

This year's most pleasant surprise for business may quite possibly be provided by business itself: expenditures on new plant and equipment in excess of early indications.

You can't predict with assurance—yet. But the signs are good.

Contract awards for industrial construction in January were the second highest for any month on record, says Engineering News-Record.

FIGURES OF THE WEEK



Business Week Index (above) *255.9 ‡256.5 249.5 236.4 173.1

PRODUCTION

| | | | | | |
|---|----------|----------|----------|----------|----------|
| Steel ingot production (thousands of tons)..... | 2,226 | ‡2,202 | 2,238 | 2,079 | 1,281 |
| Production of automobiles and trucks..... | 148,430 | †150,289 | 139,620 | 102,406 | 62,880 |
| Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)..... | \$57,720 | \$69,430 | \$57,716 | \$38,432 | \$17,083 |
| Electric power output (millions of kilowatt-hours)..... | 8,129 | 8,151 | 8,210 | 7,456 | 4,238 |
| Crude oil and condensate production (daily av., thousands of bbls.)..... | 6,522 | 6,522 | 6,468 | 6,363 | 4,751 |
| Bituminous coal production (daily average, thousands of tons)..... | 1,476 | †1,535 | 1,539 | 1,733 | 1,745 |

TRADE

| | | | | | |
|--|-----|-----|-----|-----|------|
| Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars)..... | 74 | 73 | 71 | 73 | 82 |
| Carloadings: all other (daily av., thousands of cars)..... | 42 | 43 | 46 | 48 | 53 |
| Department store sales (change from same week of preceding year)..... | +2% | +4% | +4% | +4% | †30% |
| Business failures (Dun and Bradstreet, number)..... | 159 | 162 | 163 | 134 | 217 |

PRICES

| | | | | | |
|---|---------|---------|---------|---------|---------|
| Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)..... | 405.6 | 405.8 | 405.9 | 446.0 | 311.9 |
| Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100)..... | 89.7 | 90.1 | 92.8 | 112.6 | ††73.2 |
| Foodstuffs, daily index (U. S. BLS, 1947-49 = 100)..... | 85.0 | 85.5 | 87.3 | 95.8 | ††75.4 |
| Finished steel, index (U. S. BLS, 1947-49 = 100)..... | 130.5 | 130.6 | 130.7 | 124.9 | ††76.4 |
| Scrap steel composite (Iron Age, ton)..... | \$42.00 | \$42.00 | \$42.00 | \$42.00 | \$20.27 |
| Copper (electrolytic, Connecticut Valley, E&MJ, lb.)..... | 24.500¢ | 24.500¢ | 24.500¢ | 24.500¢ | 14.045¢ |
| Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)..... | \$2.37 | \$2.39 | \$2.41 | \$2.50 | \$1.97 |
| Cotton, daily price (middling, ten designated markets, lb.)..... | 32.76¢ | 33.11¢ | 32.03¢ | 40.73¢ | 30.56¢ |
| Wool tops (Boston, lb.)..... | # | \$2.10 | \$2.07 | \$2.15 | \$1.51 |

FINANCE

| | | | | | |
|--|--------|--------|--------|-------|-------|
| 90 stocks, price index (Standard & Poor's)..... | 204.7 | 209.7 | 207.1 | 191.6 | 135.7 |
| Medium grade corporate bond yield (Baa issues, Moody's)..... | 3.52% | 3.51% | 3.51% | 3.53% | 3.05% |
| Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)..... | 2½-2½% | 2½-2½% | 2½-2½% | 2½% | ½-1% |

BANKING (Millions of dollars)

| | | | | | |
|--|--------|--------|--------|--------|----------|
| Demand deposits adjusted, reporting member banks..... | 53,848 | 54,799 | 54,467 | 53,503 | ††45,210 |
| Total loans and investments, reporting member banks..... | 76,990 | 77,341 | 78,110 | 73,751 | ††71,147 |
| Commercial and agricultural loans, reporting member banks..... | 22,780 | 22,837 | 22,980 | 21,110 | ††9,221 |
| U. S. gov't guaranteed obligations held, reporting member banks..... | 31,432 | 31,687 | 32,370 | 32,356 | ††49,200 |
| Total federal reserve credit outstanding..... | 26,148 | 26,009 | 26,695 | 23,656 | 23,883 |

MONTHLY FIGURES OF THE WEEK

| MONTHLY FIGURES OF THE WEEK | | Latest Month | Preceding Month | Year Ago | 1946 Average |
|---|----------|-----------------|--------------------|-------------|-----------------|
| Housing starts (in thousands) | January | 71.0 | 76.0 | 64.9 | 55.9 |
| Employment (in millions) | January | 60.5 | 61.5 | 59.7 | 55.2 |
| Unemployment (in millions) | January | 1.9 | 1.4 | 2.1 | 2.3 |
| Wholesalers' inventories (seasonally adjusted, in millions) | December | \$10,187 | \$10,191 | \$10,266 | \$5,489 |
| Retailers' inventories (seasonally adjusted, in millions) | December | \$21,055 | \$20,969 | \$20,754 | \$9,791 |
| Personal income (seasonally adjusted, in billions) | December | \$279.2 | \$275.8 | \$263.4 | \$177.7 |
| Farm income (seasonally adjusted, in billions) | December | \$21.2 | \$20.1 | \$22.7 | \$18.9 |
| Wholesale prices (U. S. BLS, 1947-49 = 100) | January | 109.9 | 109.6 | 113.0 | 78.7 |

* Preliminary, week ended Feb. 7.

†† Estimate

Insufficient trading to establish a price.

† Revised.

‡ Date for "Latest Week" on each series on request.

Steel that does faster push-ups without fatigue

A **SUPER-BOMBER** has cut the time it takes to retract its giant landing gear from 30 seconds to 10 seconds with the help of the steel screw shown below. Whirled by an electric motor, its threads operate a special nut which in turn lifts the landing gear.

Ordinary steel for this screw wouldn't do the job. The steel had to be exceptionally free of imperfections. Otherwise the tiniest flaw in the threads could lead to failure when subjected to surface stresses

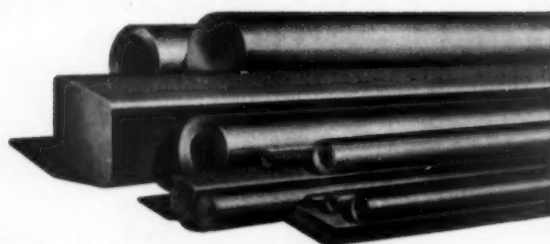
which might run as high as 800,000 pounds per square inch.

Looking for an answer to the problem, a landing gear manufacturer talked to metallurgists of The Timken Roller Bearing Company. After careful study, they recommended Timken seamless steel tubing of a certain analysis which had proved successful in other tough applications.

The manufacturer tried it. Here's the result. Every shipment of steel has proved its ability to meet the critical standards

of this important part. Rejections are practically unheard of. Manufacturing costs have been reduced.

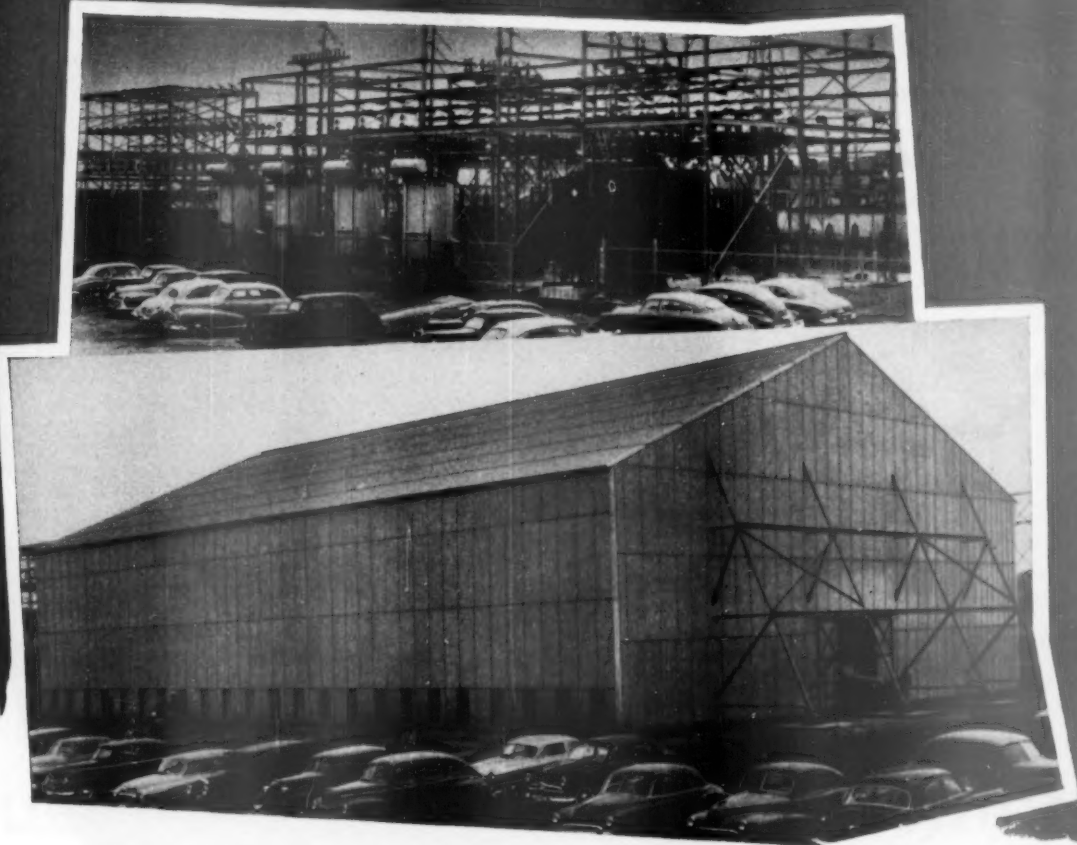
This is just one more problem added to the hundreds stamped: "Solved—by Timken Alloy Steel". For help with *your* steel problems, write The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.



TIMKEN
MADE IN THE U.S.A.
Fine Alloy
STEEL

COPR. 1953 THE TIMKEN ROLLER BEARING COMPANY

SPECIALISTS IN FINE ALLOY STEELS, GRAPHITIC TOOL STEELS AND SEAMLESS TUBING



"BEFORE AND AFTER" pictures show how the Iowa-Illinois Gas and Electric Company's sub-station at Bettendorf, Iowa, was protected by an "umbrella type" cover of "Century" Asbestos-Cement Corrugated. **Erection Contractors:** Illinois Roofing and Insulation Company, Chicago, Illinois.

**For a special problem
—such as an "umbrella"
for a sub-station—
or for 1,000-and-1 typical
industrial applications,
"CENTURY"
asbestos-cement corrugated
roofing and siding
is the satisfying,
economical solution**

"Century" Asbestos-Cement Corrugated solved an unusual problem at Bettendorf, Iowa. The 69,000-volt sub-station there of Iowa-Illinois Gas and Electric Company had an hour's service breakdown in early 1950. It was found that a sulphurous acid mixture of smoke and fog, swept in from a nearby generating station by the wind when in a certain quarter, had collected on the insulators and caused flash-overs or shorts. It was decided that the entire sub-station should be put under cover (which rarely, if ever, is done) as protection against this condition, and a steel framework covered with "Century" Roofing and Siding was erected. This "umbrella" has kept the insulators clear, and service uninterrupted.

In this, as in countless less unusual cases, experience has shown that "Century" Asbestos-Cement Corrugated is an ideal covering. It is composed of asbestos fiber and portland cement, subjected to

pressure to form a dense product, strong and durable. "Century" Asbestos-Cement Corrugated *can't burn*, is highly resistant to weather, rot, rust, and corrosive fumes, is proof against rats, termites, and other destructive insects.

The moderate cost of "Century" Asbestos Corrugated, erection and low maintenance expense, all contribute to an economical installation. Additional and substantial savings can also be effected by using TOP-SIDE® Fasteners over any steel framework, which eliminates scaffolding. Once up it stays and needs no protective painting. Consider the savings in labor alone.

Write us for further details... and name of your nearest distributor.

© H & B Enterprise Corporation

Nature made Asbestos...
Keasbey & Mattison has made
it serve mankind since 1873

KEASBEY & MATTISON
COMPANY • AMBLER • PENNSYLVANIA



In Canada: Atlas Asbestos Co., Ltd., Montreal, Toronto, Winnipeg, Vancouver

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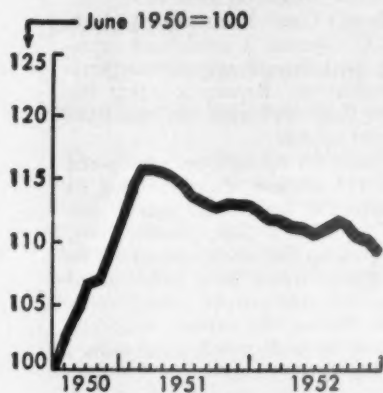
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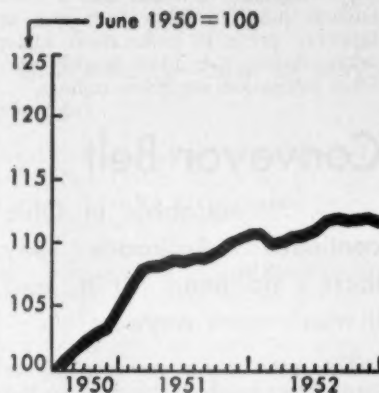
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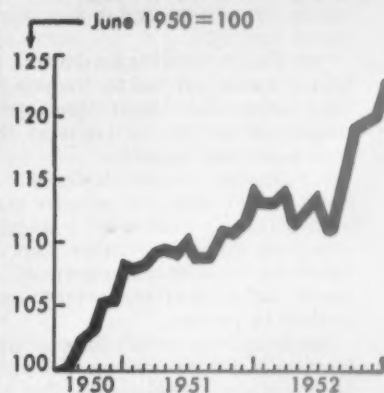
Prices have turned down ...

COST OF LIVING



... But C-of-L is close to peak ...

AVERAGE WEEKLY EARNINGS



... And wages are still rising

THE END OF CONTROLS IS ...

Squeezing Profits, Not Customers

Truman did it seven years ago, and Eisenhower is doing it again today—taking the curbs off pay and prices. But this time there's a difference. In 1946 controls went off while it was still a seller's market for goods and for labor. Now, competition in a buyer's market has put its own ceilings on most prices even though wages still push upward (charts).

It's worth noting, too, that most prices now expected to rise are at the manufacturer's level, not the retail level. So what squeeze there is will be on profits (BW—Feb. 7'53, p28) rather than on the cost of living (chart).

• **Step by Step**—President Eisenhower promised Congress a tapering-off in controls. He moved fast to put it into effect. Last weekend he did away with wage and salary controls and most wholesale and retail price ceilings. Toward the end of next week another order is expected to end price controls on major appliances.

This would leave price ceilings on a fairly short list of items including:

- Foods such as baked goods, milk, cereals, some canned and frozen stuff; also drugs, cigarettes, and beer.
- Industrial and farm machinery, automobiles.
- Commodities such as steel, alu-

minum, copper, other metals, lumber, paper, petroleum and its products, chemicals, cement.

• **Sudden Death**—Authority for controls expires entirely on Apr. 30. By that time, Washington expects, all ceilings will have been tapered to death. The only club over prices then would be any standby controls that Congress might have set up and that might have the effect of keeping some lid on upward-pressure items such as copper. But the President hasn't asked for standby controls. And there's little sentiment in Congress for giving him any.

• **Survey**—The question then comes up: Will prices take off as they did in 1946?

Over-all, the answer is "no"—judging from what businessmen around the country told BW reporters, this week, about their plans.

In detail, some goods and commodities will jump in price soon after controls go off. But the competitive situation across the board won't allow any such runaway as in 1946.

• **The Hard Spots**—BUSINESS WEEK's reporting finds far fewer spots where price increases can be expected than the Office of Price Stabilization predicted (BW—Feb. 7'53, p25).

On the list for rising prices (as the

whittling of controls permits) are iron ore, steel, aluminum, petroleum and its products, electrical machinery, electric light bulbs and tubes, textile machinery, copper (BW—Feb. 7'53, p17), cigarettes, some machine tools, chemicals, maybe cement. And that's about all the BUSINESS WEEK reporters could pin down.

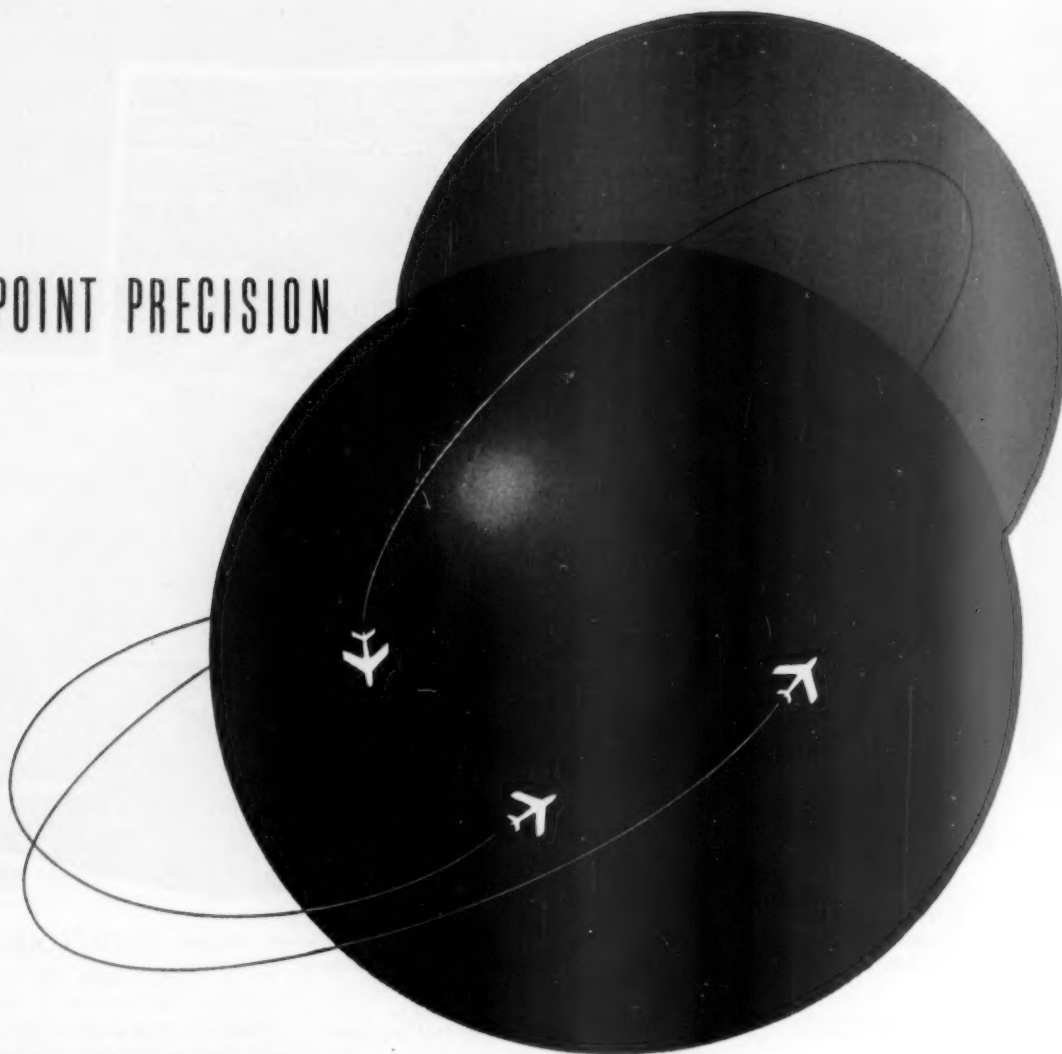
• **Matter of Degree**—Even within such a list there are wide variations in how deep and how sweeping the price jumps will be. It all depends on the supply-demand situation in each industry, and how hot the competition is.

For example, it looks serious when steel and aluminum appear on a list of commodities open to price increases. It really isn't that bad. Leaders in both industries are thinking of boosts for certain items and certain classes of items—not an across-the-board boost.

On the other hand, some makers of electric motors and home workshop tools admitted they are thinking in terms of rather sharp price jumps. Oil people are talking of increases that will reach the motorist at about 1¢ or 2¢ a gallon on gasoline; cigarette makers, of a 1¢ a pack rise. Some basic chemicals may rise 5% to 10%.

• **Self-Control**—No industry covered by the BW survey shows more concern

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BALL BEARINGS

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Also makers of the famous New Departure Coaster Brake

Companies Size Up the Problems Ahead

● **Eisenhower's Administration, businessmen think, will help them as much as it can over the next four years—but it won't solve all their problems.**

● **Biggest worry for the future is how to hold up sagging productivity.**

● **Second-ranking trouble is financing—how to stay afloat while balancing a heavy tax load.**

No matter what President moves into the White House, or what political party controls legislation, or how pro-business the government's general philosophy is, businessmen will always have problems. That's as true now as it was four, eight, or 12 years ago.

President Eisenhower's Administration has been hailed as a government dominated by solid, clear-headed business thinking. It has been cheered as a government that will help set up a more reasonable relationship between business and labor, stabilize the dollar, cut the tax burden, usher in a new era of efficiency (BW—Nov. 15 '52, p. 28). But even with complete faith in these predictions, a businessman today still can't sit back in his chair and go to sleep. To figure his way through the next four years, he'll need to keep all his wits about him.

What kind of problems will he come up against? To find out, BUSINESS WEEK reporters roamed the country this week. They put this question to executives in a broad sampling of U. S. businesses: What are your major worries about the future, and how do you rank them in importance? Here's what the survey turned up:

• **Production**—Surprisingly, the toughest—and most important—problem is going to be production. That includes maintaining or boosting labor productivity, getting raw materials, keeping plant and machinery at top efficiency. The idea is to put out as many high-grade goods as you can, or offer as much high-grade service, with as little cost and effort as possible.

Most vehement on this point, perhaps, are makers or users of steel. Three such businessmen who talked to BUSINESS WEEK reporters make no bones about it: High productivity in the coming years can mean the difference between survival and bankruptcy.

A hardwood floor manufacturer in the South, a Midwest appliance maker, a metal-mining company in the West all agree that labor isn't producing as hard as it might. An auto equipment firm, as nervous as anybody about this subject, is hiring men for its production line "almost as carefully as we

would hire a president." The National Retail Dry Goods Assn. thinks that labor productivity is the biggest problem retailers have.

With plant and machinery, it's the other way around. At least some companies feel that, during the boom times, they have modernized and streamlined their operations as much as seems worthwhile. Any more investments along that line are going to bring smaller and smaller returns. Says one executive: "We're sweating because big investments are needed for relatively minor production improvements."

• **Finances**—Tied in with the problem of productivity is that of financing. This, businessmen rank roughly as their second toughest. And this is the first time in the experience of many a younger businessman that technical financing problems have assumed a top-ranking position in his business thinking.

Few think there'll be any substantial tax cut—except for the possible death of the excess-profits tax—before 1954. As most see it, profits nicked by taxes will be too low to attract much venture capital from the public. For that reason, businessmen think, they'll have to rely on banks and insurance companies to get the long-term financing they'll need. Some, rather bitterly, are now turning to those sources for the first time.

There's an almost universal feeling, too, that interest rates are going to rise under the new Administration. With that in mind, many businessmen figure it's wise to get long-term money right now, instead of waiting.

• **Diplomacy**—The third problem will be public and employee relations. Most businessmen expect at least a slight recession some time during the next four years. They disagree on how serious it's going to be, but they agree solidly on one thing: If management isn't careful, the recession may eat away many of the gains business has made during the last 20 years in making friends with labor and the public.

The trouble is that the Eisenhower Administration is thought of, rather vaguely, as a "business government." A

recession will mean lay-offs, possibly lower wages—a general tightening-up by management. That could spark off an indignant chorus, charging that government and business have formed a conspiracy against workers and the public.

• **Sales**—It's pretty easy to sell things now. But in a year or two, it's going to get tough.

In Detroit, auto companies have seen good times. But now production is going up; restrictions are coming off. That's going to make competition tougher and tougher. Plans are under way for hard-driving sales training programs.

The steel industry, and the oil industry in the Southwest, are in the same boat. A young, aggressive sales force—not so important right now—will be a must.

• **Management**—Like the salesman, the management specialist has a comparatively soft life in boom times. But when the boom recedes—as businessmen think it's starting to do now—he has to sharpen up. Businessmen rank roughly as fifth the problem of getting good management for the coming tougher years.

This will be the acid test for many executives—young and old alike. In some companies, the test has already begun. Says a textile executive: "Boy, we have certainly had to flatten our boys out. Some were younger men who didn't know how to pinch pennies; some were older executives who couldn't readjust after the wartime boom."

Another point on management is raised by Crawford H. Greenewalt, president of E. I. du Pont de Nemours & Co. Greenewalt says that high taxes have cut big salaries down to a point where younger men aren't interested in top-level positions. They get too much added responsibility for too little added take-home pay.

• **Labor and Government**—For most companies, the problems of labor union and government relations are down near the bottom of the list. Most businessmen feel that these two worries were minimized, almost automatically, the moment Eisenhower and his Administration took over.

Most businessmen expect to get on better terms with the government. Barring some drastic upheaval in U. S. or world affairs such as a major depression or total war, they expect that they'll be allowed pretty much to tend their own business—and, in effect, to run much of the U. S. economy without direct supervision. This, as most of them see it, is another important problem: They have to prove they can do it. "It's our responsibility," says a shoe company president. "We wanted it."

for self-restraint than the steel business. Here is a key industry where demand still outruns supply, where it would seem possible to make general price boosts stick. Yet steel company spokesmen wince at talk of widespread increases, and they cite good reasons for their distaste:

- They think public opinion would be against broad increases—and they spend a lot of time and money wooing public sympathy.

- They're afraid indiscriminate uppricing would look bad for the new Administration—and might queer their chances of getting the tax relief they want even more earnestly.

- Besides, across-the-board increases aren't what the industry really needs. The big need is for corrections in a price structure that has been distorted by years of flat percentage increases rather than selective increases, product by product.

Steelmen say today's biggest price problem is that some forms of steel are far underpriced while others are correspondingly overpriced to make everything average out. So they propose to use the rifle, not the shotgun. Some say increases will be most noticeable in rails and heavy structurals.

- **Easy on Eisenhower?**—The opinion among businessmen is divided on how much extra effort should be made to hold prices in line as a gesture of support to the "businessmen's administration" in Washington.

"Nobody held the cost line for industry when prices were frozen," was the comment of one executive. But a New England manufacturer said: "I doubt if any company would want to embarrass the Administration by raising prices."

One textile machinery maker, who is trying to get the union to hold still for a 32% cut in wages, was dour about the hold-the-line idea. "Business is so bad," he said, "that a price hike wouldn't make any difference in demand, and we may have to put one through."

A big Midwest machinery manufacturer remarked: "You've got to show a profit, regardless of what your political feelings may be." He didn't think it would be hard, though, to hold the line on prices. "There may be a flurry of price-raising activity for 30 to 60 days, a sort of hysteria. But I don't feel the market is that strong—by June or July, prices should be considerably softer than now."

- **Labor Costs**—Over and over again, executives pinned the price problem down to payroll costs (page 132).

"What we have to do," said one New York businessman, "is to convince labor that it's better to hold prices where they are than to run ourselves smack into resistance that eventually leads to

loss of jobs. It's no fun to have to fire people."

One encouraging sign: A West Coast aviation company this week found its union suddenly conciliatory after weeks of giving management a bid time.

The balancing factor for many industries is exemplified by the situation in Detroit. Auto makers are hot for bigger volume. It would take a most unlikely jump in labor costs and in suppliers' prices to make them adjust prices during the 1953 model year. Some prices now are below ceilings.

Conveyor Belt ...

... squabble in Ohio continues. Railroads say there's no need for it, and it won't work anyway.

The battle over a conveyor belt to carry raw materials to steel mills in the Akron, Canton, and Youngstown sections of Ohio may be going into its last round. Riverlake Belt Conveyor Lines, Inc.—backer of the conveyor belt—will soon start its third push to get approval of the plan in state legislature.

It promises to be a hot fight. Both Riverlake and its opponents—the railroads that have hauled raw materials in the past—have thrown new fuel into the fire:

- Riverlake has announced that it's changing the proposed northern terminal of the line from Lorain to Cleveland, 30 mi. to the east (BW—Dec. 20

'52, p. 26). The object of this switch is mainly to win support from the populous Cleveland district, which has the largest number of representatives in the state legislature.

- The railroads have announced the results of a special study of the situation. The verdict: The whole belt project is unfeasible, and will be lucky if it doesn't fall flat on its face.

- **Railroad's Case**—The study was made by R. G. Breene, a consultant representing the railroads' special transportation committee. Breene says that the conveyor belt will cost too much to build and operate.

He bases his opinion on a proposed belt of 114 sections, each dumping its load onto the next. One failure anywhere in such a line, Breene says, would gum up the whole operation. To this stoppage would have to be added stoppage for maintenance and cleaning. Predicts Breene: "In a year's time, the belt would be hauling bulk commodities only 50% of the time."

What's more, say the railroads, there's no need for the belt in the first place. Railroads can handle all the raw materials the mills will need—even if there's a big increase in demand.

- **Riverlake's Case**—Proponents of the belt disagree. They base their opinions on a 10-year prediction of increases in iron ore and coal tonnage. On the basis of this prediction, they say, the railroads won't be adequate.

And H. B. Stewart, Jr., president of Riverlake, has this to say on the feasibility of the belt: "If our opponents believe it won't work, they certainly have no further reason to oppose it."



"Fastest, Farthest, Highest, Greatest Load"

That's the manufacturer's claim for Britain's revolutionary new jet bomber, the Handley Page H. P. Four Sapphire engines produce as much power as 10 World War II bombers or 25 locomotives. The

Royal Air Force has placed quantity orders for the plane. Pictures of the bomber, like the one above, have just been taken off the secret list, but many of its novel features are still under security wrap.



JUDGING LINEUP where boys are eliminated from \$2,000 scholarship race. Maxie's 850-lb. Hereford, Buddy, comes through, wins third place among calf scramble steers.



AUCTIONING OFF repays Maxie well for care and feeding of Buddy during past year. Sponsor Smith closed out other bidders at \$1 a pound, sent Maxie and Buddy . . .



HOMEWARD BOUND, weary but richer by \$850 and a scholarship to Texas A&M.

Big Brother to a Boy and His Steer

week, was bigger and better than ever. Some 10,000 animals were entered, and businessmen shoveled in around \$160,000 worth of prizes and awards.

• **Big Brother**—A dozen NATO journalists were on hand this year to record the festivities and to watch a 17-year-old Stanton (Tex.) farm youth, Maxie Davie, and his roly-poly Hereford calf walk off with a \$2,000 scholarship to Texas A&M, with the beaming approval of his sponsor and vice-president of the show, William A. Smith.

Smith is typical of the Houston millionaire who pours his soul—and his pocketbook—into the fat stock show. He is chairman of the boards of the Citizens State Bank and the William A. Smith Construction Co. Last year Smith sponsored a calf in the calf scramble. Maxie won it, and Smith became his "big brother."

• **Heart and Soul**—The calf scramble is the heart of the show and the means of bringing the businessmen in direct

contact with the farm youngsters. At each rodeo performance, 20 hand-picked 4-H Club or Future Farmer of America boys are sent into the arena and 10 calves, donated by businessmen, are turned loose. Each boy who manages, in effect, to bull-dog a fleet-footed calf and drag him across the finish line wins a certificate worth from \$125 to \$200 to buy a calf of his own.

The young farmer takes his calf home, feeds and cares for it, and is expected to return the next year and exhibit it. He keeps in close touch with the calf's donor, who becomes the boy's sponsor.

• **Business on His Mind**—Since last year's show Maxie has written to Smith once a month, telling him how he was caring for Buddy, his Hereford calf. Smith, impressed with Maxie's efforts, proudly took him under his wing throughout the show, escorted him to the events, lunched and dined him, and generally stood by.

When Maxie and stocky, 850-lb. Buddy pulled into Houston, however, Maxie had two very definite things on his mind: He wanted to get a good price for Buddy, so he could at least break even on expensive feed, and he wanted Buddy to place in the top 10% in the steer judging so he could compete for the scholarship.

• **Two-Time Winner**—Maxie got his heart's desire. Buddy not only placed, but he won a ribbon, giving him a good chance of bringing a fat price in the auction, which he did. Smith, on hand to bid, quickly closed out the other bidders at \$1 a pound.

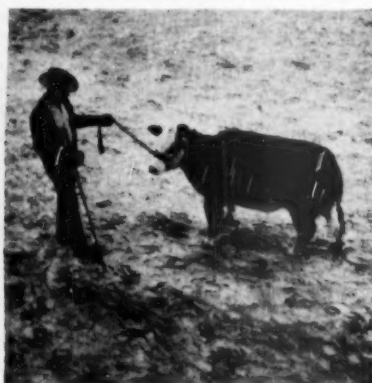
The auction is where the businessmen really put their money on the line. They make sure the youngsters make a nice profit on their livestock by setting a generous minimum price. But big-hearted Houstonians bid way over the minimum. The 60¢ average for steers this year was more than double the market price.



CALF SCRAMBLE among farm youngsters is the heart of the Houston stock show. Every boy who catches a calf wins money to buy one from businessman sponsor.



GETTING READY for the judging is serious business. Buddy gets final hosing and . . .



EXERCISE to take out the kinks so he can put his best foot forward for the judges.



SPONSOR W. Smith escorts Maxie Davie, who caught Smith's calf last year to . . .



INTERVIEW and essay Maxie wrote help win him the scholarship, and . . .

Houston:

For 12 days every year, schizophrenic Houston (BW-Jan.24'53,p74) shrugs into a frontier shirt and plays the part of a full-blown, rip-roaring cowtown. Thousands of head of cattle and livestock raised by Texas ranch and farm youngsters jam the Sam Houston Coliseum. Farm boys, pretty girls, and South American cattle barons roam the downtown streets. The air is filled with the pop-popping of cap-pistol toting small fry, the tinkle of cowboys' spurs.

Everybody gets into the cowtown swing during the annual Houston Fat Stock Show and Rodeo. But nobody has a better time, or plugs it harder than the city's well-heeled businessmen. Millionaire oilmen don fancy frontier outfits and \$50 Stetsons—and get a chance to play Midas to hundreds of ambitious farm youngsters who are long on hard work, but are short on hard cash.

This year's show, winding up this

a career bureaucrat, or a college professor among them. The switchover in command from the New Deal-Fair Deal days is complete.

Certainly these men all will be found much closer to the Farm Bureau's thinking on farm problems than was Brannan. Brannan was generally allied with the New-Dealing Farmers Union—an organization that openly thrived on big and benevolent government action on behalf of the farmers.

III. What's Ahead

If—as the insiders believe—Benson pretty much tracks with Farm Bureau stands on farm policies, then it does mean a clear reversal of the Brannan-Truman kind of leadership at Agriculture.

• **Price Supports**—The Farm Bureau has gone all out for “sliding-scale price supports,” which, under present law, could mean letting support levels down to 75% of parity as surpluses begin to pile up. Congress stepped in to continue mandatory 90% supports on the six so-called basic crops through the 1954 crop year. That means that wheat, for instance, is now being supported at \$2.20 per bu.

But if the 75% of parity support level were in effect today, farmers would be getting only about \$1.74 per bu. for their wheat, which means roughly 50¢ less in their pocket for every bushel of wheat they sell. “50¢ less for wheat” is not a campaign plank that any farm congressman cares to run on—regardless of the benefits alleged to reside in the law of supply and demand, and the need for “readjustments in agricultural production.”

• **Conservation Payments**—The Farm Bureau takes another stand that illustrates its view on farm policies: It came out for cutting down soil conservation payments to farmers from a Truman-Brannan proposal of \$250-million per year to \$100-million per year. This is money that goes direct to the farmer in government checks for carrying out government-approved soil conservation practices. Congressmen didn't cut the fund then, and they are waiting now to see what Benson has in mind.

These aren't the only immediate problems Benson has. But they are the things congressmen are keeping a sharp eye on to see which way Benson goes.

IV. Test Case

The test case for Benson may be butter, an item that has plagued other secretaries of agriculture. Unseasonably mild weather has stepped up butter production amazingly for this time of year. Butter is going into storage when it is usually coming out of storage. But

there's another factor on the demand side: the steady decline in butter consumption because of competition from lower-priced margarine. That's a long-term trend that seems to be established.

Result is that the Dept. of Agriculture bought some 45-million lb. of butter during January—a rate that's never been equaled.

• **Secretary's Move**—But the tension comes from the fact that butter is being supported at 90% of parity, which brings producers about 65¢-67¢ per lb. This isn't mandatory; Benson could, at his own discretion and without regard to surpluses, support butter as low as 75%, which would mean about 57¢ per lb.

The present butter support program runs only to Mar. 31. The Secretary must either continue supports at that level, or drop them to a level no lower than 75%. If Benson and his people live up to their billings, it seems there is only one thing they can do: lower support prices for butter, and let the marketplace balance out either at the new floor or above it, as supply and demand dictate.

• **House Action**—But House agriculture chief Hope is naming a dairy products subcommittee to be headed up by powerful dairy spokesman August H. Andresen, of Minnesota. He is a hard fighter for the dairy farmer. In fact, he was a leader of the group that wrote into the controls act a provision clamping down on imports of cheese and other dairy products, despite administration protests.

These men will be keeping an eagle eye on Benson, and so will other farm leaders. “It isn't so much what he does, really,” one key Republican congressman notes privately, “It's the reasons he gives for doing it.”

• **Wheat Hassle**—Actually, Benson has another tough fight in his lap now—the International Wheat Agreement. A conference of wheat producing and consuming nations is already trying to negotiate a continuation of the agreement. But everyone admits the whole project will go over or flop on the issue of price. The U.S. set a maximum price of \$1.80 per bu. last time and expects to pay out close to \$575-million in subsidies by the time the four-year agreement expires this July 31.

This time, the U.S. has talked about getting \$2.50, but would take \$2.25, which is about support level or perhaps even less.

• **On the Horizon**—Beyond these matters, Benson does have time, but soon he'll have to think about acreage and marketing controls on wheat and cotton. If crops are good, he'll have to figure out some way of coping with surpluses of these two items. This situation is going to be high on his agenda about a year from now—or sooner.

A New Giant . . .

. . . in entertainment has been created by the merger of American Broadcasting and Paramount Theaters.

The merger of United Paramount Theaters with the American Broadcasting Co., permitted this week by the Federal Communications Commission, will create a new major force in the entertainment business.

The resulting organization, American Broadcasting-Paramount Theaters, Inc., will have combined assets of some \$140-million and annual revenues of about \$165-million. It will own 710 theaters and five TV and radio stations, have 81 affiliated TV stations and 355 radio affiliates. The merger is being achieved by an exchange of stock that will put the motion picture chain in the driver's seat of the new organization.

The deal took a long time to get through FCC; it was first proposed back in May, 1951. Now that it has finally materialized, you can expect at least two important effects:

• The development of a strong network to offer brisk competition to the giants in the broadcasting field, Columbia Broadcasting System and National Broadcasting Co.; and

• The creation of a new element in entertainment, with interesting new possibilities, by intertwining broadcasting and the theater business.

• **ABC Benefits**—For ABC, the move is of vital importance. Formed when NBC sheared off the old Blue Network in 1941 as a result of government anti-trust actions, ABC always lacked the assets and facilities of its two big rivals. Under Edward J. Noble, chairman of ABC's board, who will become chairman of the merged company's finance committee, the network built up from \$15.7-million billings in 1942 to \$52-million last year. But the weakness of its position can be seen in a closer look at what happened to ABC's revenues during the past year (BW—Feb. 14 '53, p67). Its radio revenues increased 3.9% while network radio as a whole dropped 6.5%, but its TV revenues dropped off 1.3% against an industry gain of 41.3%.

This discloses ABC's weakness. As Noble himself admits, ABC simply never had the funds to follow the so-called “Paley method” of developing programs worked out by CBS. It calls for pouring huge sums of money into the purchase of big-time stars who will give your network the prestige and shows with which to lure advertisers. Weak in programming, ABC has had a tough time getting both sponsors and



Ezra T. Benson:

Facing Up to Farm Forces

Farm politics has become about the hottest thing in Washington—and the heat seems to be increasing week by week.

There's no mistaking what the shouting is all about—it's the farmer's pocketbook and what Washington should or should not do to keep that pocketbook well padded.

This week's tumble in commodity prices on the big Chicago exchanges, following on the heels of a similar break in livestock prices, has brought government farm policies right up on the front burner. In fact, many Chicago traders blame the new Secretary of Agriculture, Ezra Taft Benson, for the plunge in grain prices. The traders say the decline was triggered by price statements made by Secretary Benson that seemed flatly to rule out any government action designed to counteract the price slides.

• **Congressional Pressure**—There's no legislation pending in Congress right now that would put a new prop under the farmer—or pull out an old one. But in both the House and Senate, there's been a running series of hearings, floor

speeches, and statements from farm bloc congressmen. Those that are getting the headlines are the ones that view recent developments with alarm and urge the Administration to "take immediate steps."

Democrats and Republicans alike are putting the pressure on Benson. Democratic Sen. Robert Kerr, of cattle-raising Oklahoma, proposed that the department immediately be given \$25-million with which to buy and bolster cattle prices.

Edward Thye of Minnesota and Milton Young of North Dakota, Republican senators, have both introduced bills that would require Secretary Benson to support more grains at 90% of parity, as he now has to support wheat and corn.

On the other hand, another faction in the farm bloc—Clifford Hope, chairman of the House Agriculture Committee, George Aiken, chairman of the Senate committee, and Democratic Sen. Clinton Anderson, for instance—are all taking the public position that the critics should slow down a bit and give Benson a chance.

I. Benson's Thinking

So far, Benson's actions—his public statements, his selection of assistants, his first steps toward reorganization of the department—all indicate one thing clearly: He is putting a much greater emphasis on the benefits of the law of supply and demand and, in fact, seems to rate it about as highly as he does the law that gives farmers their price supports at 90% of parity.

This kind of thinking hasn't been found at the top of the Dept. of Agriculture since it became a factor in farm supply and demand back in the 1930s. But it still remains to be seen whether Benson can really begin turning the farmers loose from government aid, or whether in the end he has to keep the props that were built up during the long years when the farmers voted Democratic.

• **Hot Seat**—Benson's hot spot was created when Eisenhower came out for keeping the present 90% support on the books through 1953 and 1954. He also talked about doing something for perishables, and said his general goal was "100% of parity income for the farmer." These were the same things, of course, that Democratic administrations favored.

But these generalizations can be put into effect in various ways—and there's the rub. So far, Benson has stood fast against every maneuver to smoke him out on specific problems such as livestock, continuation of 90% price supports on basic commodities, or putting more crops under price supports.

• **Farm Bureau Influence**—Right now, though, the old-timers in Congress tell you privately, "The Farm Bureau is really in the saddle now." That's a complete reversal from the recent past, when Secretary Charles Brannan and Allan Kline, Farm Bureau president, kept up a running fight, publicly and privately, for about four years.

There's support for this theory in the fact that Tuesday Kline and a group of his top officials conferred with Eisenhower.

Kline said afterward that they did not discuss any specific commodity, but that he did stress the "extraordinary danger" in the fact that many people believe farm problems can be solved by government price fixing.

II. The New Command

Whether or not Benson's politics actually turn out to be close to the Farm Bureau, there's no doubt that his top staffers are probably more properly classified as businessmen than as farmers. In these and in his other appointments, Benson has hewed to the pattern that Eisenhower himself has established. There's hardly a lawyer,

THE WORKER WHO WAS FULLY COVERED!

(with the nicest policy!)

By Mr. Friendly



"MY PEACE OF MIND is glowish!"
The happy worker said,
"Instead of feeling lowish
I'm grinning in my head!"

"My work is simply zoomish
My morale is zing, zang WHEE!
Which is just about as boomish
As morale can ever be.

"I'm covered well from head to toe
I'm covered day and night
I'm covered every place I go
with wonderful Off-the-job Accident Insurance
which doesn't rhyme but sure sounds good to a worker!"

AMERICAN MUTUAL

Service from salaried representatives in 78 offices!
Savings from regular substantial dividends!



A NEW ANSWER TO THE PROBLEM OF OFF-THE-JOB ACCIDENTS!

To save lives, losses and improve worker efficiency and morale, American Mutual's Institute for Safer Living has developed the first packaged program to promote off-the-job safety!

To protect your workers' pay checks, help them and their families to get good medical care and pay their hospital bills, American Mutual and Mr. Friendly offer you the best in modern Group Accident and Health and Hospitalization plus-service program. For full details on this new protection-company, Dept. B-93, 142 Berkeley St., Boston 16, Mass.

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Group Accident and Health-Hospitalization....Workmens Compensation....Automobile....All Forms Liability Insurance

affiliated stations. ABC's radio business increased. To make up losses on TV, ABC went out to get radio business on a cut-rate basis.

The Paramount merger brings in the cash that ABC so badly needs. Noble says that Paramount Theaters brings with it reserves of some \$35-million to \$40-million.

At the same time, ABC will also get Paramount's wealth of experience in show business. This chain is one of the last theater chains to do anything with live talent on any important scale.

This week ABC people were talking about "developing new programming and new techniques for both radio and television."

New programming will mean a new lease on life for ABC. In fact, Sponsor Magazine of radio and TV advertising, looks for this factor to create a new competitive situation in the field of affiliated stations. It thinks that a revitalized ABC will give NBC and CBS a run for their money in TV.

• **Paramount's Gain**—What United Paramount gets out of the deal will be something else again. Above all, it means diversification, and that is particularly desirable in an industry that has become highly uncertain. Now, no matter what happens to the movie theater business, the United Paramount people have one foot in the growing medium of television. Also, should theater TV ever amount to anything, the new ABC-PT organization would have a jump on everyone else by reason of its pooled resources.

From another standpoint, ABC simply represents a good investment for Paramount's cash. Television stations are notably profitable operations, and ABC has five of them, in good markets.

There is another possibility in the merger, according to the trade. It provides a natural tieup whereby Paramount theaters could do point-of-sale merchandising for sponsors of ABC shows. On the other hand, ABC radio and TV stations can also do merchandising jobs on the pictures running in Paramount theaters.

• **More FCC Moves**—The commission also approved the sale of \$6-million of WBKB, United Paramount's TV station in Chicago, since ABC already had a Chicago outlet. This gives CBS its long-wished-for Chicago outlet.

In another decision regarding DuMont Television Network, FCC declared that Paramount Pictures, the original parent company of Paramount Theaters, does in fact have financial control over Allen B. DuMont Laboratories, parent company of the network. So DuMont, which now only owns three stations, will not be able to get its full quota of five since Paramount Pictures currently owns two of its own.



TUGBOATS STAYED HOME During New York's 10-day tugboat strike, ocean liners had to wriggle in and out of port on their own steam. To Manhattanites, it was one of the best shows in town.



SOME MADE IT Passengers aboard the Queen Mary cheered their approval as the Queen warped herself in with cables, pivoting on the corner of the pier. She missed on her first try; made it on the second.



SOME DIDN'T A police launch investigates the gaping breach left in the dock when the Caronia, lashed by winds and current, crashed into its pier. Damage to the ship was slight, but the dock shed and pier platform suffered.

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Diesel locomotives must work right around the clock, and the vibration encountered in their millions of operational miles makes it vital that all parts be designed to withstand plenty of punishment.

One manufacturer found that the plywood-steel side panels he was using, were deteriorating and needed frequent replacement. His design section suggested that an all-steel panel be substituted, and further study revealed that a 3M adhesive could be utilized to hold the panel sections together.

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If you're interested in making better products at lower cost, look into 3M adhesives and sealers. For more information contact your 3M representative, or write Dept. 12 for a brochure describing applications.

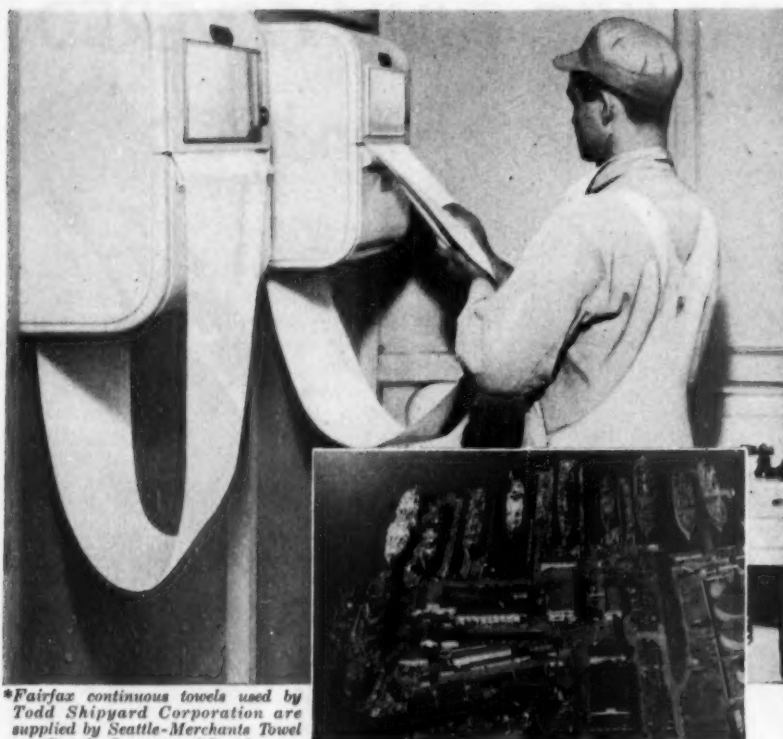


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• Todd Shipyard Corporation, Seattle Division, largest and best equipped ship repair yard in the northwest covers more than 30 acres on Harbor Island in Puget Sound. Facilities include seven piers and four drydocks with capacity ranging from 5,700 to 18,000 tons. Here ships of all nations are repaired.

In a service organization like Todd, good employee relations are very important. Everything possible is done to assure safety, welfare and comfort of workers. For instance, washrooms are equipped with plenty of clean cotton towels. *You can be sure Todd employees appreciate the greater comfort afforded by soft, absorbent cotton towels.* This extra personal comfort for employees costs management no more...in fact, when saved maintenance costs are considered it costs less.

Whatever your towel problem...whether you operate a factory, institution, office or store...you can be sure soft, gentle absorbent cotton towels will...

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BUSINESS BRIEFS

The new Treasury team's debt refinancing turned out as predicted (BW—Feb. 7'53,p31) but not the way the Administration hoped it would. Investors grabbed up the new one-year certificate but snubbed the five-year, 10-month bond—a symbol, say finance men, that the market hasn't yet warmed up to Eisenhower's pledged shift to long-term financing.

Who says Harvard Business School is a place for rich men's sons? HBS insists that isn't so, and won't be, even though it raised tuition from \$800 to \$1,000. The facts, says HBS, prove it: 45% of the students' families have incomes under \$3,600; 73% earn less than \$5,600.

A 20-year power contract between Bonneville Power Administration and Harvey Machine Co., Inc., to run Harvey's \$65-million aluminum plant in Oregon (BW—Feb.7'53,p122) has been approved by Washington. Delivery of 40,000 kw. of firm and 80,000 kw. of interruptible power will begin early in 1955.

The 94 partners of Merrill Lynch, Pierce, Fenner & Beane, the nation's largest brokerage and investment banking firm, had a lot less to divvy up in 1952 than the year before. Net income available to partners fell to \$1,929,312 from \$2,500,316 in 1951. The firm blames it on rising costs.

U. S. Rubber Co. has signed a purchase contract for about 80 acres of land in Emerson, N. J., to build an ultramodern research center. Sale is conditional on rezoning of the area, now residential. The new center will concentrate on rubber, chemicals, synthetics, textiles, and plastics.

Appointment of James F. Brownlee, New York investment banker, as a government consultant of price and other economic controls is taken to mean two things: (1) Washington will try to remove controls progressively instead of in one swoop; (2) it is considering the advisability of standby controls legislation.

National Cash Register Co. has unveiled an electrified adding machine that it says cuts out at least 25% of the hand motions operators use now.

Lehigh Valley RR explained to its stockholders that it ploughed back every dollar of its 1952 net income for improvements and to pay off debts. No dividend was paid for the 21st straight year.

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
FEB. 14, 1953



Here's what Eisenhower aims for—his big four-year goals:

A secure nation—secure from conquest by external enemies, and secure from internal sapping by Communist propaganda and sabotage.

A stable dollar—one that holds its value, neither cheapened by government-abetted inflation nor made dearer by deflation.

And an expanding economy guided by policies that encourage business and industry to meet the needs of a growing population with the opportunity for higher living standards.

The means toward these ends are in the works. Eisenhower drove the key guideposts in his Inaugural address and State of the Union message. The legislative program spelled out this week fills in the major details. Officials are working out plans to touch all bases. Businessmen can profit by an understanding of the over-all objectives and the plans to achieve them.

Look first at the security goals. Success or failure here will largely determine the fate of the others.

Freeing Formosa to attack Red China was only a first step. It might lead us into a bigger war. This is the risk Eisenhower is taking.

A blockade of China might be next. Dulles played down the possibility. Still, if investigation shows China is getting substantial help by sea, then some retaliation is a possibility. Perhaps pressure on Finland and other nations to stop shipments to Red China is a move we will make before undertaking a formal blockade.

All China will be put under threat. We will encourage anti-Reds to revolt by air drops of weapons and hit-and-run raids by Chiang's forces.

The heat is on European nations to pull together. Dulles and Stassen were blunt in telling our allies that more aid depends on more effort on their part. Congress is relating arms and economic assistance to the willingness of Europeans to participate in an effective alliance against Russia. There's little chance Congress will vote the full \$7.8-billion in foreign aid asked by Truman—unless Europe gives stronger signs of pitching in.

Security against Red infiltration at home will be tightened. Government agency heads will review all loyalty cases in which Truman people found "derogatory" information insufficient grounds for firing. And new employees will be checked exhaustively before they are hired.

No drastic new anti-Red laws will be sponsored by Eisenhower. But he will strengthen the FBI and build up the counter-intelligence service.

Stabilization through economies and fiscal controls is already under way. The first refinancing of the federal debt wasn't a big step toward harder money, but it pointed the direction for future refundings (BW—Feb. 7 '53, p31).

Budget cuts are the order of the day. Budget director Dodge has put a lid on outlays for the rest of fiscal 1953. By fiat no department can spend more in a month than it did in January—a slack time.

Secretary of Defense Wilson called a halt to all military construction that is less than 20% completed. So spending is in for a second look.

Tax cuts depend on the success of the economy drive. Eisenhower



UP GOES PRODUCTION, DOWN GO COSTS

A touch of the finger and materials-handling magic goes to work. Often the savings made by the use of battery-electric trucks are truly amazing. In plant "A" handling costs were cut 73%; in plant "B" capacity of existing storage space was doubled; in plant "C" unloading time was reduced 77%.

Throughout industry, battery-electric trucks are helping to speed production, save time, effort, money.

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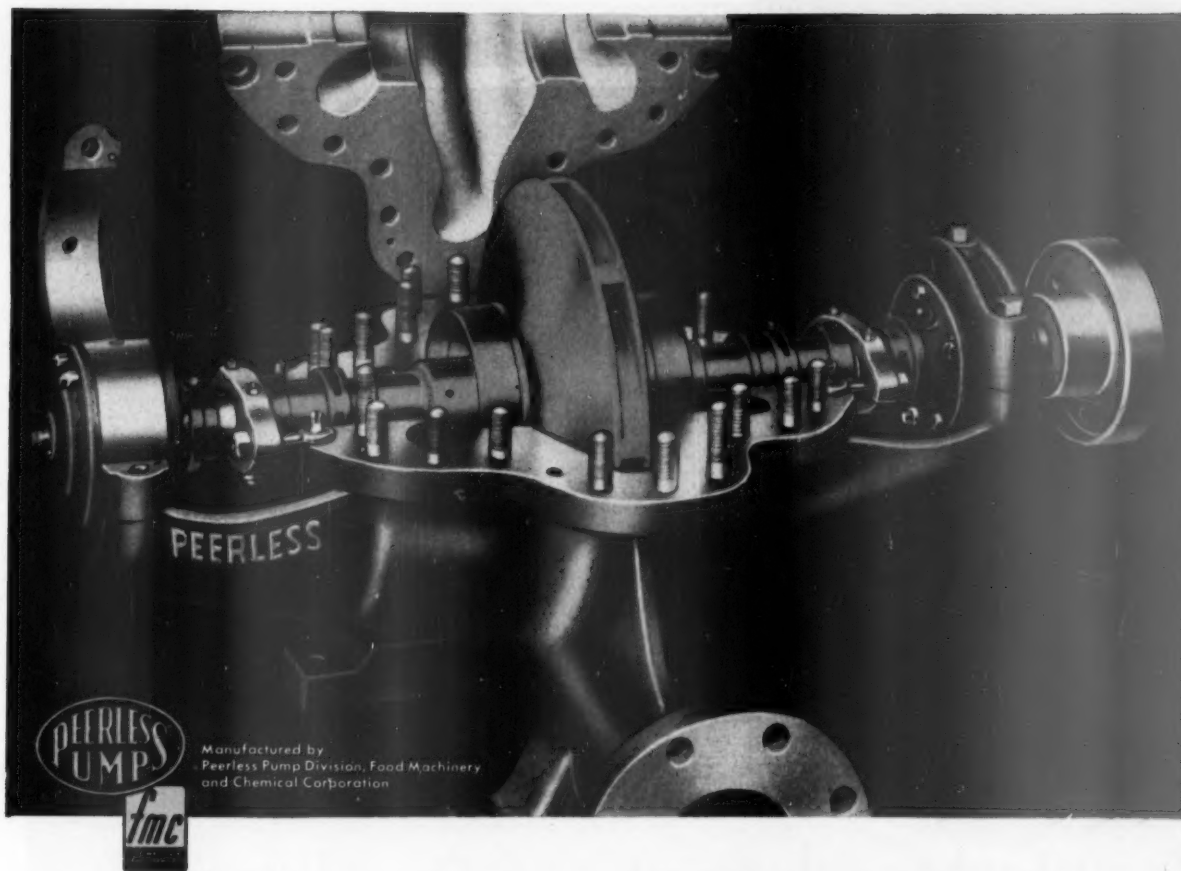
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National Bearing's proved ability to mass produce exceptionally fine-grained, non-ferrous castings, free from blow holes and sand inclusions, combined with Peerless Pump Division's exacting engineering and manufacturing standards help build fire pumps, and industrial pumps that can be counted to pump a reliable water supply for fire protection or other plant needs.

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WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
FEB. 14, 1953

will fight to maintain present revenues—\$68.7-billion annually—until it is proved to him that a balanced budget is in sight.

He won't have an easy time in Congress on this. He intends to keep the excess-profits tax—or ask for a corporate rate hike—unless the appropriations committees can really cut the “fat.” There is \$9.9-billion to be pared—the difference between fiscal 1954 estimated revenue and Truman's estimated spending.

The way out on taxes—to satisfy both Eisenhower and Congress—is a six-month extension of the excess-profits levy. That way Congress wouldn't have so much pressure on it to give individuals relief until the Jan. 1 scheduled reduction; and Eisenhower would get an additional \$1.25-billion in revenue—enough to make the \$70-billion goal.

A better climate for business growth depends, frankly, on how successfully the security and stabilization goals are met. Once the Soviet is checked, and the budget is balanced, Eisenhower wants the government to take the halter off the economy.

This is his key hope. Already he has lifted a long list of price ceilings; next he would give business free rein to expand—without government kibitzing. He sees tax cuts not only as a way to put more money into the hands of buyers, but as incentive for expansion. An overhaul of the tax code to eliminate inequities is another incentive plan.

All this is long-term. But Eisenhower wants Congress to know where he is going so that today's request for a law or money can be fitted into tomorrow's program.

Here's a rundown of Eisenhower's legislative program for this year:

Taft-Hartley amendments: The House will have a bill to vote on by early March, but there will be a delay in the fight over an industry-wide bargaining ban. Senate hearings begin Mar. 2. A new law is possible by midyear.

Tidelands: Committee hearings start next week; it's certain offshore mineral lands will be returned to the states quickly.

Controls extension: A priority for military production will be the outcome after Sen. Capehart tries a more elaborate “standby” scheme.

Reciprocal trade: There will be a serious fight on “peril points.” It will take all of Eisenhower's persuasion to keep protectionists from making the “escape clause” automatic whenever U.S. business is hurt.

Customs overhaul: A southern filibuster threatens this.

School aid in defense areas will be extended.

Social security expansion will get under way, will be voted next year.

Appropriations work is well under way in the House, with leaders shooting for a May 15 deadline for clearing all bills to the Senate.

A July 4 adjournment is possible, but not likely. If it's achieved, there probably will be a reconvening in the fall.

Lifting of wage controls doesn't seriously threaten another round of raises (page 132). Big negotiations now in textiles are aimed at preventing a wage cut in wool textiles, getting back a cut in cotton textiles. The auto workers are aiming only at a 1¢ increase in productivity pay. The key to wages, long-range, is in steel, where new bargaining begins in June.

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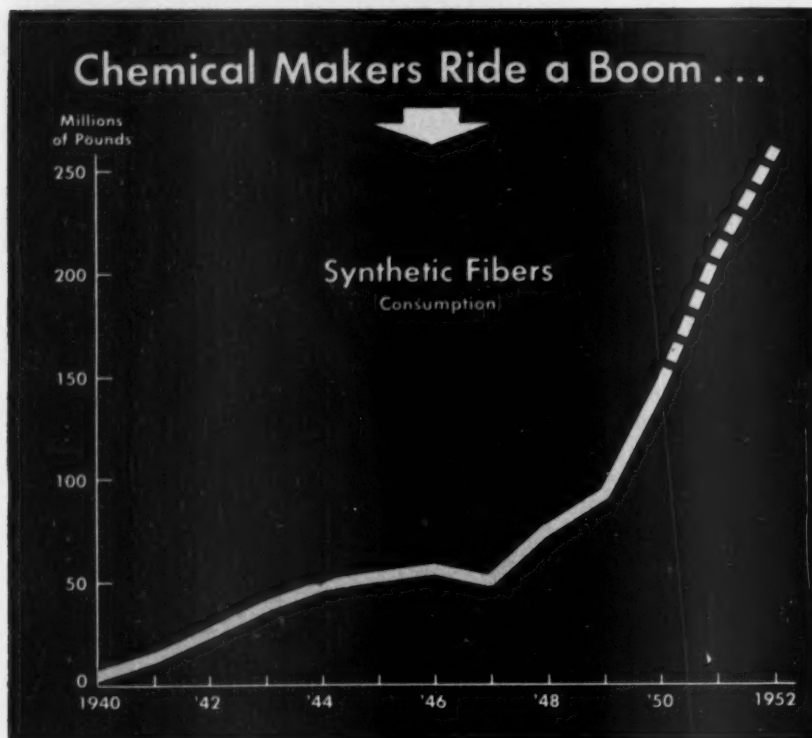


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Textile Men Inherit the Problems

Textiles, the trade that pioneered the industrial revolution 200 years ago, is in the midst of another revolution these days. Synthetics—sometimes over-promoted, sometimes underestimated, always interesting—are remaking the industry. In the process, they are giving it some savage growing pains.

Blessed, or cursed, with the cliché label of "miracle," the synthetics have been making faster and faster headway. More new fibers, fabrics, and finishes have appeared in the past five years than in the previous 50. Spending on textile research hit a peak in 1952; it has doubled since 1946.

Lately, the fanfare has died down just enough to let some other sounds be heard—mutterings from production men about the troubles arising from static electricity, refusal to absorb moisture, above all about the lack of know-how in blending that is cursing the infant synthetics industry.

• **Two-Way Crush**—The lack of know-how is more marked than in most new developments. That's because the textile people got caught in a squeeze—between the chemical companies, which did almost all the developing of the synthetic fibers, and the consumers, who were led to expect a new and more

wonderful development every hour on the hour.

The chemical companies were anxious to get their products on the market. That was natural enough, considering that it costs upwards of \$30-million to carry a fiber from the laboratory to commercial production. The consumers were equally anxious to get a whack at the fibers they had been hearing about—materials that wouldn't shrink, needed no ironing, never wore out (BW—Aug. 19'52, p32).

Under this dual pressure, the textile companies frequently rushed in too fast. Each hoped to get there first and take the cream off the top of a new-material market. That sort of temptation is extremely difficult to resist in the textile industry, where profit margins on conventional products are notoriously low.

• **Too Fast**—In case after case, the price of haste turned out to be just what the proverbs say it is. Demand for raw materials outran supply, and led to an excessive dilution of the blends. Clothing manufacturers, trying to push dozens of new lines at once, reduced salesmen and customers alike to a whirling confusion of claim and counter-claim. Plenty of customers soured on

all synthetics when a few wild claims fell flat.

Inevitably, the rush brought efforts to push some square-peg synthetics into round-hole applications. Thus expensive synthetics tried, and failed, to buck the inexpensive lingerie field. There was a tendency to forget the many good qualities of natural fibers, which are frequently hard to duplicate in a synthetic at reasonable price. Blends of synthetic and natural fibers appeared that simply weren't competitive with the old-timers.

Many of the problems, particularly the marketing ones, are reminiscent of growing pains suffered a generation ago by rayon, strictly speaking not a synthetic because it is made from cellulose.

I. The Search for Blends

It is pretty generally accepted in the industry that the real future of synthetics lies in blends. The catch is: What blends? Some experts have set the arbitrary rule that a fabric must contain 40% to 50% of a new fiber to be any good. More recent experience discards all yardsticks. Sometimes a mere 5% addition will give desired resistance to abrasion or some other

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quality. In other cases, it takes 100% synthetic to do any good. Until the "perfect" fabric has been found for each end use, there can be no real dogma on ratios.

The industry now sees the essential goal as finding the right mixture, labeling it correctly, and promoting it truthfully.

The search for the right blends has been obscured by the high cost of some synthetics, and shortages of others. It looks now as if supply and demand might get together by the end of this year, with a potential reduction in price.

Meanwhile, Orlon, Dacron, Acrilan are fairly expensive; dynel and Vicara are cheaper, but still more expensive than cotton or the rayons. But the trade is convinced that it can get away from the too-skimpy blends of the earlier days.

• **If Trouble Comes**—There's one cloud hanging over the better-blends picture. A national emergency on a greater scale than Korea might bring on a crippling shortage of raw materials.

The great majority of synthetics are derivatives of petroleum or natural gas. Nylon and Perlon use butadiene, benzol, and cyclohexane—all of them essential in a war buildup. Orlon, Dacron, dynel, Acrilan, X-51, Vinyon, saran, Wynene, and Reevon use ethylene, which is also important in synthetic rubber. In a war economy, demands for synthetically made ethyl alcohol would also bite into the textile share.

II. Is Moisture Good?

The synthetics have no prouder boasts than their non-wrinkling and the speed with which they dry after washing. But those qualities are tightly tied to the low absorption of moisture that also marks them. The trade is coming around to the idea that some moisture absorption is good for an apparel fabric. The problem is getting it, without losing other qualities. The answer is not yet in hand; it's being sought via blending synthetics with such absorbent fibers as wool and rayon.

The trouble is that low absorption of moisture, which subdues the wrinkles, also produces the effect of a wick. The wearer of a suit of new synthetic, caught in a rainstorm, might find his pleasure in the smooth and fast-drying suit damped by the fact that the moisture had been neatly transferred to his underwear and skin.

Nonabsorption also causes trouble in dyeing. Generally, it costs more to dye a synthetic than a natural fiber. The blends are even trickier, for the different fibers sop up different amounts of dye. The resulting spotty effects are usually frowned on, though some manu-



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HOW does he do it? How can he pack twelve hours work into an eight-hour day?

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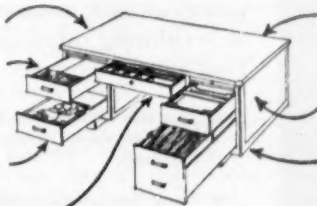
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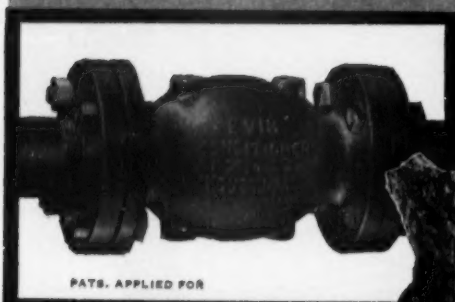
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facturers have tried to capitalize on them in heather effects.

• **Something New**—Partial answers have been found in pressure dyeing (the temperature of the dye bath is raised under pressure) and "dope dyeing" (pigment is put into the fiber before it is spun). Many people, though, believe that the final solution will be found in some completely new method of dyeing. Several machinery developments are in the works, but manufacturers are keeping them off the open market until they prove themselves.

III. Peril in the Laundry

A "wash by hand" label is prominent on many garments made of the newer synthetics. Equally prominent is the tendency of housewives to ignore the warning. Nylon stockings, yes; the whole week's wash, no. The automatic washer and drier are elected.

If a new shirt or dress frays at the seams in the process, the maker of the washing machine may get the blame. But the real trouble is that the garment can't take the spinning and tumbling action of some washers.

Similarly, many of the new synthetics do not require—and can't stand—ironing. But the housewife, noting a slight puckering at the seams, seizes her trusty iron. Since a lot of the synthetics have a very low melting point, the result can be disaster.

Another primary source of laundry trouble comes from the textile man's relative ignorance of how to sew the fabrics. Much remains to be learned about getting thread that will react in the same way as the fabric to laundering or even changes in humidity. Getting suitable linings, and then mooring them securely, is likewise full of unsolved problems.

IV. The Sparks Fly

Static electricity has been bothering textile people for a long time. But the synthetics have produced something like fireworks.

Moisture absorption, and the lack of it, is again at the root of the problem. Even mills for conventional fibers have equipment to maintain anti-static moisture in the air. At the product stage, wool rugs and upholstery come up with some brisk shocks when conditions are especially dry.

The synthetics go much further. One or two of them can generate quite a charge at high humidities—are free from it only when soaking wet. The static electricity brings a variety of undesirable characteristics in a few of the newer fabrics:

- It causes underwear to cling to the skin, in dry weather.
- It leads to uneven weaves, since

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B Same Tornado attached to circular saw accumulates all sawdust as it occurs. No sweeping here, either.

LET US TELL YOU MORE ABOUT **TORNADO** CLEANING
WRITE FOR BULLETIN 607

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yarns are drawn to some parts of the loom. A lot of mill rejects result.

- Garments, displayed on counters, frequently attract dust. That's why so many shirts and blouses are packaged in plastic bags.

- Synthetic stockings collect unsightly lint during laundering.

The industry is attacking static in a variety of ways. There has been modest success in blending the offending fibers with others that cancel the charge. Still more research is being done on chemical treatments. The idea is to introduce an anti-static agent early in the processing and carry it right through to the finished product.

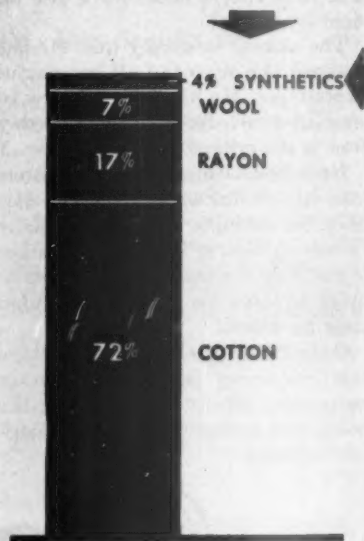
Some treated goods are already on the market, but the industry generally figures it has a long way to go. Some of the chemicals have tended to detract from the strength, appearance, or feel of the material. Others lose their potency after repeated washings.

V. Expanding Market

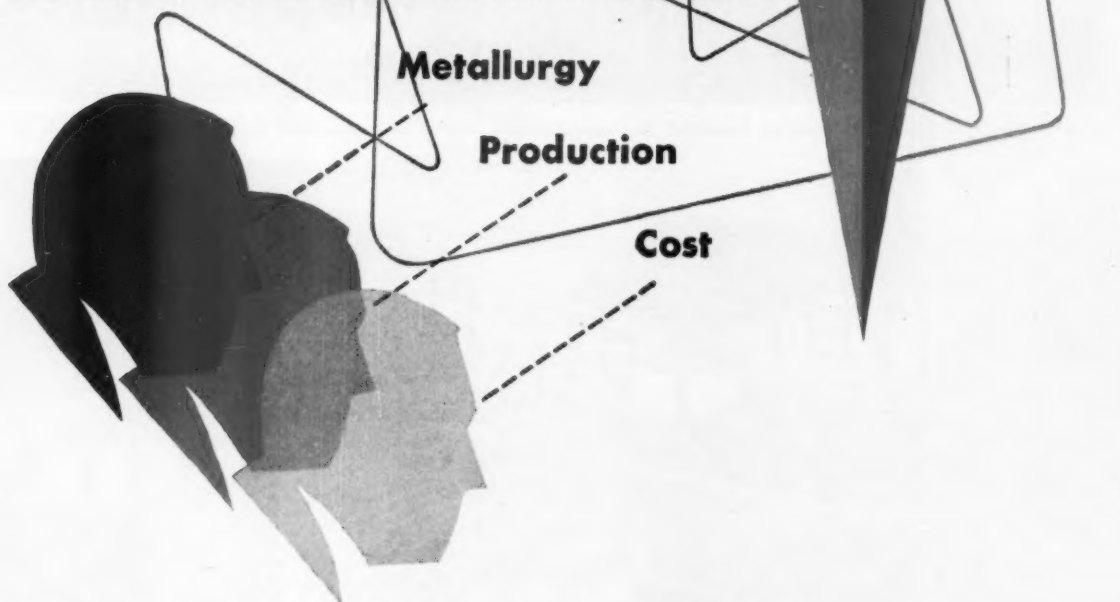
Flaws and difficulties have failed to check the feeling in the industry that synthetics have an extremely rosy future. For one thing, total consumption of all fibers has been increasing for years. All the fluctuations, cyclical and warborn, have failed to obscure a gain of about 4 lb. a year in per capita consumption every 10 years. The figure is now close to 43 lb. a year; some economists say it will hit 50 lb. by 1975.

The chart below shows the relative standings of major soft fibers. Silk and flax are negligible.

Synthetics Have 4% of the Market



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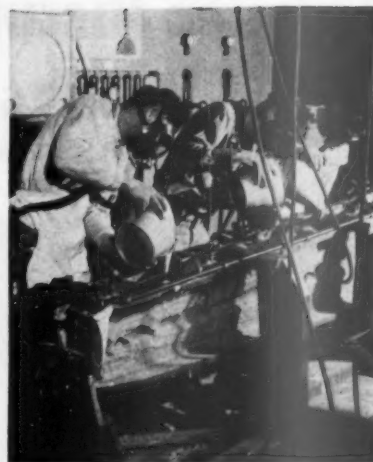
Home Office: Wausau, Wisconsin

Offices in principal cities...Consult your telephone directory

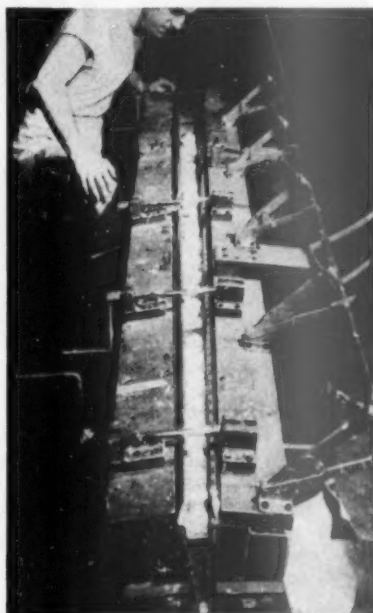
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MASKS are needed when Lockheed crew pours batch of premixed plastic into . . .



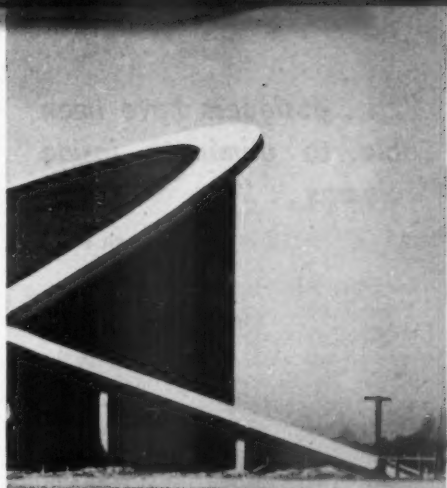
F-94C AILERON, which is wedged in a steam-heated jacket.

Foaming Plastic for Poured-in Strength

Plastic cakes are being baked in ailerons of F-94C aircraft as they move along the production line at Lockheed Aircraft Corp., Burbank, Calif. The plastic filler makes the hollow sections a lot stronger.

The lightweight cake mix is Lock-foam, a plastic that begins foaming after 1½ minutes of premixing.

The aileron is held in a steam-heated jacket where surface temperature is brought to 120F before pouring. During the chemical action, the temperature goes up to 200F.



architects from North Carolina State College.



the necessity for inside columns, provides unobstructed view for entire audience.

Construction

Architects and civil engineers seldom tinker with the engineering of buildings. While they have taken big steps toward modernizing design and adding more beauty and comfort, for the most part they have stuck to the standard structural frame to support the building.

Once in a while, however, an architect tries something fundamentally different. Latest of these experiments is the livestock judging pavilion at the North Carolina State Fair (top picture, page 50). From a distance, the new building looks like a modernistic painting or sculpture. But the curved arches do more than just beautify the building. They're the basis of the structure's engineering.

• **Engineering Principle**—To construct the new pavilion, two large concrete arches were built at angles to the ground. Connecting cables were strung

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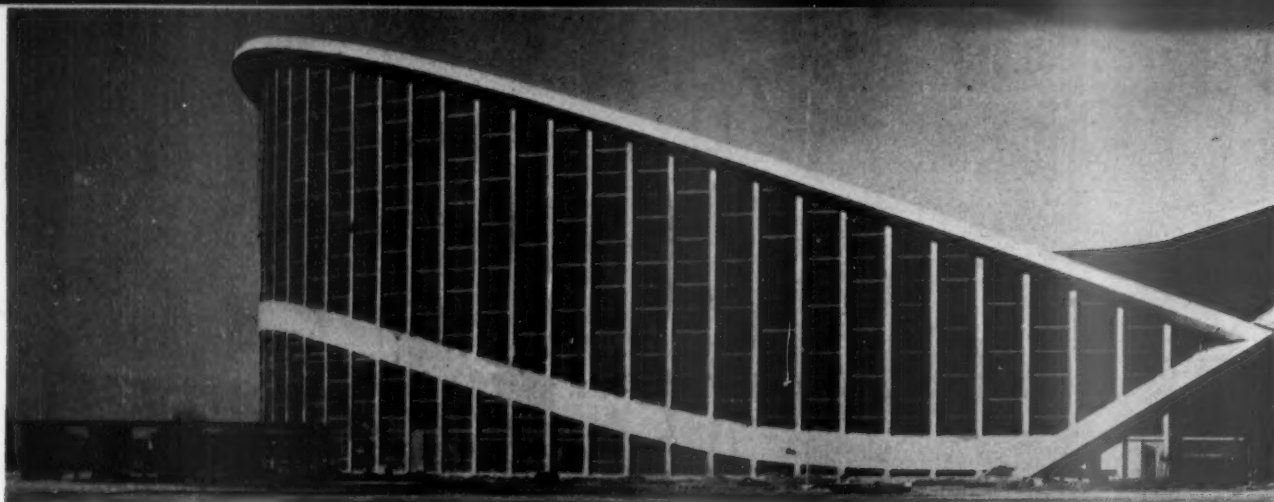
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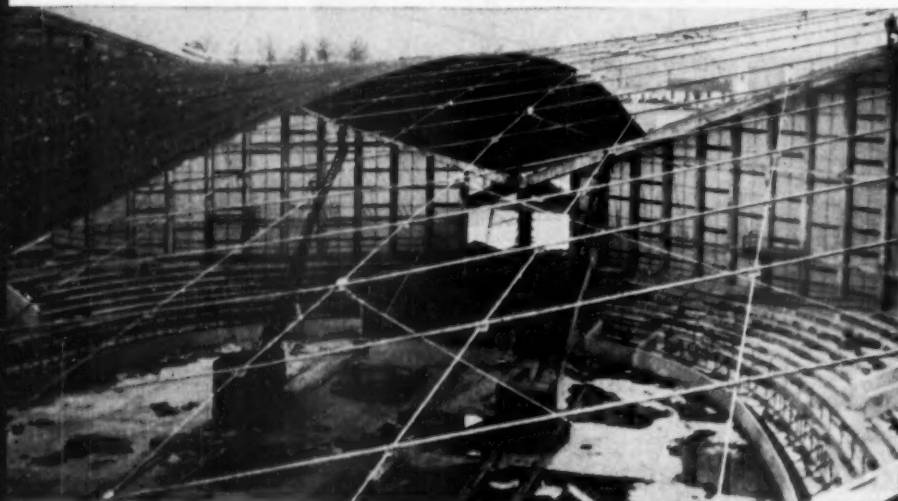
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NEW PAVILION at North Carolina State Fair uses curved arches, instead of conventional columns, to support roof. It was designed by

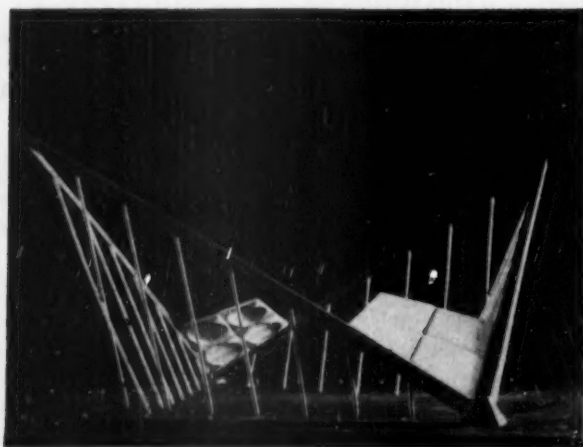


CABLES that hold roof are stretched from tops of arches, then tightened. Perpendicular columns outside the building carry weight of the arches.

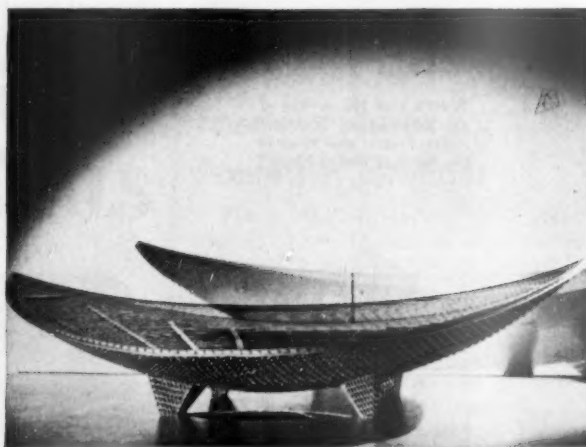


ROOF is laid on from underneath, then fastened to cables. This eliminates

Putting a New Twist into



TRIANGLE structure, also being developed by North Carolina State College, uses slanted beams instead of arches.



CUP-SHAPED roof support, using the same tension-cable principle, is school's latest idea for a stadium.



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Major sales-building features of Radiant projection screens and tripods are the attractive appearance, freedom from rust and lightweight of aluminum. Rigidity and strength are aluminum values that improve performance and assure longer life for this portable equipment.

From a manufacturing standpoint, aluminum offers important advantages, too. The design flexibility of aluminum saved approximately \$3,000 on the cost of dies for the projection screen handle alone. Aluminum's excellent workability holds down production costs, speeds up production. And aluminum's light weight reduces shipping costs.

The Radiant Manufacturing Corporation of Chicago went all-out in specifying aluminum for the PICTUREMASTER large audience portable screen illustrated. Aluminum is used for the screen roller, upright, extension rod, saddle bar, and leg assembly. Anodizing assures smooth sliding of aluminum against aluminum for fast set-up and take-down.

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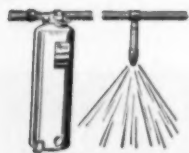
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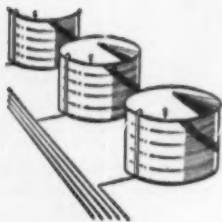
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" . . . designers have been able to eliminate inside columns . . . "

BUILDING starts on p. 50

from the tops of each of these arches. These cables support the roof of the building. The angle of the arches was so designed that the arches take the weight of the roof—instead of the weight being supported vertically by columns. Perpendicular columns around the outside of the building carry the weight of the arches and of the seats in the pavilion.

By supporting the roof on the cables, the designers have been able to eliminate inside columns. The resulting pavilion is about 300 ft. in diameter, with an unobstructed view for all 5,424 people that the seats can hold. The arena, or judging floor, in the middle of the building is large enough for a standard horse show.

Because of the construction, the roof appears to be sagging in the middle. The center of the roof, just over the judging floor, is much lower than that over the end seats. Arching toward the low part at the sides permits roof drainage.

• **The Designers**—The pavilion was designed by Henley Deitrich, who completed the work of Matthew Nowicki—who proposed the tension-compression idea for the roof, but died before he could complete the plans. Nowicki was acting head of the School of Architecture and the School of Design at North Carolina State College at Raleigh. Although the pavilion design was his own project, Nowicki included in it a type of thinking that has shown up in other projects of the school.

• **More Ideas**—Included in the school's projects are unusual designs for supporting roofs (picture, page 50), and plans for a stadium to seat 10,000 (picture, page 50). The students also collaborated with Buckminster Fuller on the design for a new type factory.

The multistory Fuller plant, designed specifically to house a textile plant, is spherical, with an elevator shaft running up the center. Raw materials are fed to the top of the sphere and processed as they flow down the eight floors to the ground level. It has been termed a "fountain" structure because the flow of materials up the center and down the outside of the dome-like building resembles the flow of water from a fountain.

Another project on which the students have worked is a helicopter terminal station for Columbus Circle, New York. It is proposed that passengers be carried from the terminal to LaGuardia and Idlewild airports.

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*You'd get less noise
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holes act as "noise-traps" where sound energy is dissipated. Fibretone is pre-decorated, can be painted and repainted, and is available with a flame-resistant finish.

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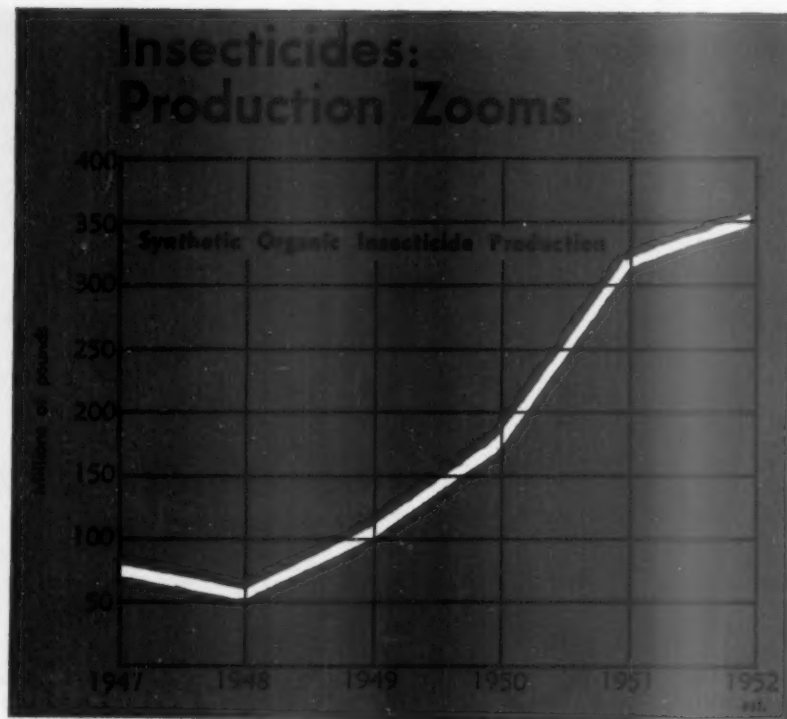
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But the Bugs Are Eating It Up

The main trouble is that insects get used to an insecticide after they have been exposed to it for a while. You have to keep inventing new killers.

The insecticide business is roaring along at a dizzy clip (chart, above). It's fast reaching the point where, like the auto industry, it's going to be turning out new versions of its product every year. The way things are now, even once a year may not be enough.

That's because insects are perverse creatures. Give them a little practice, and they'll develop a resistance to almost any insecticide on the market.

About the only thing they haven't been able to get used to, most experts agree, is a fly-swatter.

• **Obsolescence**—To the layman, this may sound like a gold mine for insecticide manufacturers. While auto companies spend millions of dollars on advertising each year to make last year's product obsolete, insecticide makers get it done free by the insects. But that isn't the whole story. Sometimes the insects carry it too far.

Around Orlando, Fla., for instance, there's a certain breed of fly that likes to hang around dairies. When these flies were first sprayed with DDT, the wonder-insecticide that appeared on the market shortly after World War II, they died like flies. But after a few years they learned to live with the poi-

son—as did many other insects (BW-Jul.14'51,p64). So the dairymen switched to other types that chemical companies had developed—lindane, chlordan, dieldrin, toxaphene. Within one season, the flies developed a resistance to those, too. Now, around some dairies in the area, they can't be controlled by any single insecticide now available.

Another problem has been developing, too. Some of the more common pests are natural enemies of other kinds of insect. As the common pests have been killed off, the other kinds—with fewer enemies around to keep them in their places—have started to become pests themselves.

• **Boom**—All this has spelled big sales for insecticide companies. According to the U.S. Dept. of Agriculture, production of all synthetic, organic types of bug-killer went from a few million pounds in 1941 to well over 350-million lb. in 1952.

When the bugs got used to DDT, chemical companies tried insecticides that were chemically related to DDT—methoxychlor, DDD, DFDT. They stepped up work on pyrethrum flowers and synthetics with similar properties,

BUSINESS IN MOTION

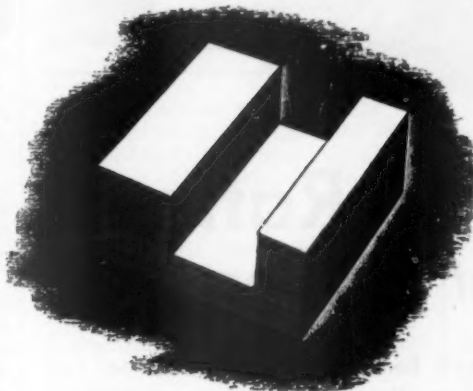
To our Colleagues in American Business ...

From time to time Revere, through its advertising, its salesmen, its Technical Advisors, and its printed literature has stressed the fact that cost per pound of material is not so important as cost per finished part. It is actually the case that sometimes metal that has to be billed at a higher price, either because of its form or its composition, actually effects savings that much more than compensate for the extra cost.

Perhaps as a result of the educational work we have done on this subject, an alert purchasing agent for one of our customers inquired as to the possibility of switching from bar stock to an extruded shape. The Sales Department and the Technical Advisory Service collaborated with the purchasing, engineering and production people, and a plan was worked out, which is saving important sums.

The company makes electric welding machines, and the part involved is called a secondary pad. It is made of copper, for high conductivity. Previously it had been machined out of solid bar stock, 2" x 3 1/2". This was costing \$11.73 per foot.

The extruded shape that was substituted for it weighs 25% less. The cost per foot is \$10.03, which represents a saving of \$1.70 per foot. You can see right from those figures that paying a little more per pound for the extruded shape saves money. But in



addition to that, the customer estimates that the shape has cut machining time by 50%, and as every manufacturer knows, machining is costly, and cutting it in half achieves a significant economy. Other advantages include less scrap, and faster output. A report from a Revere Technical Advisor states: "Customer has found the extruded section very satisfactory and bases his machining time-saving on production runs and not estimates".

Extruded shapes are made by forcing heated metal through a die of the desired profile, much like squeezing toothpaste from a tube. This offers unique opportunities for an infinite variety of shapes; the one shown here is simple; much more complex forms are possible. There is an obvious limitation: all grooves and slots must be parallel to the axis of extrusion.

If you are doing any extensive machining of rod or bar in copper and its alloys, or aluminum alloys, a Revere salesman will be glad to consult with you regarding the possibilities of extruded shapes. They cost a bit more per pound, but in the end may save you money.

As a matter of fact, it is true in many industries that a material that costs more per pound or ton or gallon may actually in the end cost less. So we would like to suggest that no matter what you buy for processing, it is possible that by paying a little more for something special you might save a lot.

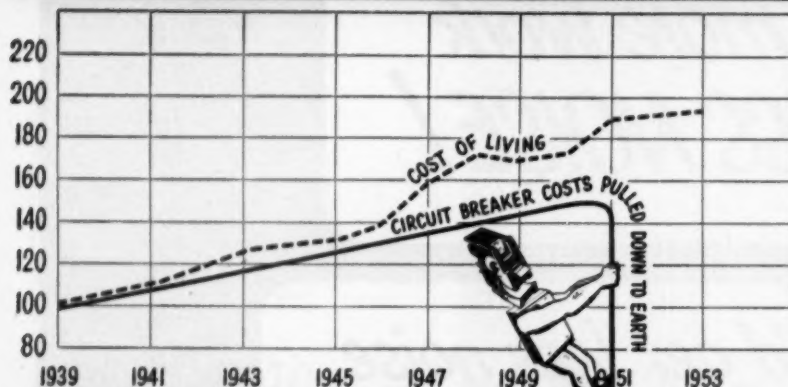
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The Federal Noark Development Laboratory worked for years at designing a quality breaker that could be mass produced... and Stab-lok was introduced in 1950. Millions of Stab-loks were sold in the first twelve months. New sales records are made continually, for Stab-loks abolish all fussing with fuses and are bringing rapid modernization to circuit protection practice.

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such as Allethrin and Furethrin. Many of the most publicized insecticides today are chlorinated hydrocarbons, most prominent of which is benzene hexachloride (BHC). Other chlorinated insecticides include lindane, toxaphene, aldrin, chlordan, and dieldrin. Some companies have followed a tack taken by the Germans during the war, developed phosphorous compounds such as Parathion.

But these new killers, just like DDT, are losing some of their original wallop.

• **Research**—Working with the chemical companies on the job of finding still newer insecticides is the Dept. of Agriculture's Bureau of Entomology and Plant Quarantine.

Dr. Fred C. Bishopp, the bureau's assistant chief, says that his researchers are trying to develop an all-purpose insecticide. But he feels the real future of bug-killing will lie in more specialized types of insecticide—types that will kill only certain insects. The all-purpose killer, he says, might do more harm than good. It might kill off "good" insects that eat the harmful ones.

• **Pointers**—Bishopp's bureau recommends several ways of making existing insecticides more effective:

• **Space sprays** (particularly pyrethrum) often work where contact poisons have failed.

• **Better sanitation practices** (keeping garbage cans and manure piles covered) will cut down breeding of insects.

• **Directions on the label** of each can or bottle of insecticide are important. Users will get better results if they follow the directions more accurately.

• **The Makers**—Manufacturers of insecticides are more optimistic about the future of the newer insecticides than are some government experts. They agree that insects can develop a tolerance against insecticides, but they think it will be a long time before insects get used to the more powerful ones on the market.

H. C. Kochler, manager of Monsanto's Agriculture and Special Product Sales Division, is confident that today's bug-killers will be around for a long while. When you introduce a new one, he says, it doesn't mean you have to abandon the old ones. He points out that the old arsenic-type insecticides, which go back to the Paris green used to fight the Colorado potato beetle in the 1870s, are still around competing with the modern organic killers.

Kochler expects the insecticide business to keep on growing. There are still new fields to conquer. There are kinds of bugs that can be controlled adequately with present poisons. And there are bugs such as mites, which used to be controlled by insects that are now succumbing to insecticides.

• **Industry Problems**—Kochler points

NEW PRODUCTS



Keeps Tabs on Heat

Heat treating metal to change its physical makeup is one of industry's most basic processes. High-frequency electrical induction is one of the most effective ways of doing it. But it is only effective if you have some way of keeping close tabs on temperature during the heating cycle.

Leeds & Northrup Co. has developed a small target Rayotube, which it claims can accurately measure temperatures from 800F up. Mounted four inches from the induction coil, the Rayotube can be focused on an opening as small as one-tenth of an inch between turns of the coil.

Such fine focusing is necessary, says the company, so that the turns of the coil won't throw off the recording. All radiation from infrared to ultraviolet is focused at the same point.

The Rayotube has another advantage: It works fast. When suddenly exposed to radiation from a work piece, the Rayotube will indicate 99% of true temperature in about one-half second. It takes just .15 second to show changes in temperature.

• Source: Leeds & Northrup Co., 4907 Stenton Ave., Philadelphia 44, Pa.

• Price: From \$1,100 (records only) to \$1,300 (records and controls temperature).

Tough Work Overshoes

Workers who must wear rubber overshoes on the job have found that oils or other chemicals soon ruin the rubber. To solve this problem, Tingley

Rubber Corp. is manufacturing overshoes made from du Pont neoprene.

Neoprene resists oils and chemicals, makes the overshoes suitable for spots like gas stations, creameries, chemical plants, and oil refineries, according to du Pont.

Another advantage of the new rubbers, claimed by the manufacturer, is their light weight. They weigh only nine oz. apiece.

The overshoes have no fabric lining, which increases their stretching qualities and permits them to be worn over street shoes or slightly larger industrial shoes. Elimination of the liner also makes it possible to turn the rubbers inside out for cleaning. Thus, a worker can wear them home after work without getting his street shoes dirty.

• Source: Tingley Rubber Corp., 903 Ross St., Rahway, N. J.

NEW PRODUCTS BRIEFS

Three new silicone resins for better insulation of electric motors have been developed by Dow Corning Corp., Midland, Mich. They include a varnish for coating glass cloth, a resin for bonding glass laminates, and an impregnating varnish that the company says is easier to apply than comparable products.

A new magnetic recording tape, made from more potent magnetic material, can double the output of other tapes, according to Minnesota Mining & Mfg. Co., St. Paul, Minn. The tape, called Scotch brand No. 120 High Output magnetic recording tape, is designed for radio, television and recording studios.

A mobile camera for recording documents and cards on a continuous roll of photocopy paper is being introduced by Peerless Photo Products, Inc., Shoreham, Long Island, N. Y. Called Tupper-Peerless Copy Camera, it photographs one side of letters and documents and both sides of file cards. It can handle up to 720 documents or cards per hour.

Dimethyl isophthalate (DMI), a new material for the chemical processing industries, is being produced at the Burlington (N. J.) plant of Hercules Powder Co. The company says that DMI will make plasticizers with improved low-temperature efficiency and lower volatility. It can also be used for protective coatings based on oil-modified alkyd resins.



Orders lagging?

**SPEED 'em up
with
TELEGRAMS**

The president of a radio production company tells us: "... orders began pouring in ... in response to our Telegrams ... we received 74 contracts totaling \$29,600, at a cost of only 7/10 of 1%!"

For any Business Purpose

**TELEGRAMS
DO THE JOB BETTER**

WESTERN UNION

INVITES CUSTOMERS

SAYS ONE MANUFACTURER: "BUYERS HAVE EXPRESSED GRATIFICATION THAT WE HAVE THEM ON OUR LIST AND THINK ENOUGH OF THEM TO SEND THEM A TELEGRAM WHENEVER OUR SEASONAL MERCHANDISE IS READY FOR THEIR INSPECTION."

WESTERN UNION

OBTAINS CONTRACTS

WIRES A CATALOG PUBLISHER: "NEEDED CONTRACTS FROM 50 MANUFACTURERS JUST BEFORE DEADLINE. WE WIRED 49 OF THEM AND GOT A RESPONSE WITHIN 18 HOURS FROM 70%!"

Money in a hurry

Send it—get it—by Western Union Telegraphic Money Order. Fast! Safe! Personal message included for only a few cents a word.

WESTERN UNION



Same Rating But what a difference!

Both safety switches shown here have the same horsepower rating when used as disconnects on a.c. motor circuits. But the small switch on the left is the revolutionary new Cutler-Hammer design, compact, space-saving, easy to handle, with new dependability of performance.

Up until now safety switches have invariably been much larger than the motor control with which they have been used. This has created difficult installation problems. Even when space was available, their bulk and weight made mounting difficult; and the much larger size of the safety switch in such close relation to an associated control enclosure has simply been all out of proportion to the latter. This detracted from the appearance of the complete installation.

Cutler-Hammer engineering has ended all this as far as a.c. motors are concerned. The new and exclusively Cutler-Hammer Bulletin 4110 line of Horsepower Rated

A.C. Motor-Circuit Safety Switches saves as much as 65% in size, and matches safety switch and motor control in size, convenience and dependability. These switches are available in ratings from 3 h.p. to 30 h.p., 230 volts a.c. and from 7½ h.p. to 50 h.p., 575 volts a.c. These switches have many features and have no substitutes even remotely comparable. CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wisconsin.



out, though, that developing a new insecticide is a long, expensive proposition. The big problem is to discover chemicals that will kill bugs, but won't hurt beneficial insects, livestock, plants, or people.

Some manufacturers feel that state and federal government restrictions are making things doubly tough. There's a lot of delay and red tape involved, these manufacturers say, in getting a new insecticide approved for public use. They realize that some kind of government inspection is necessary for the public welfare, but they think the job could be done more efficiently.

Another gripe of the industry is that chemical companies have built up DDT production capacity, at government urging, way beyond the point of maximum demand. U.S. capacity is now between 150-million lb. and 200-million lb. a year. Demand is only 65-million lb. to 85-million lb.

More DDT is being made abroad, too—as a result of some heavy promotion by the United Nations. This overproduction has sent prices down: Carlot prices of DDT have gone from 40¢ to 50¢ a lb. to around 25¢. Producers are wondering whether it's worth-while to keep on making DDT, rather than shifting to newer types of insecticide.

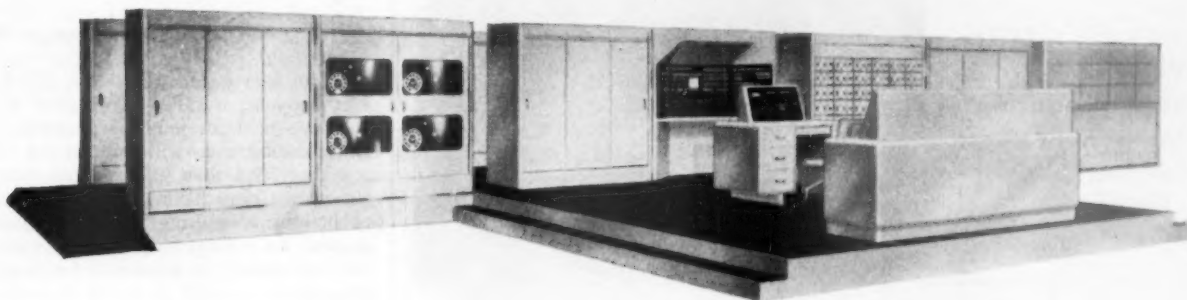
PRODUCTION BRIEFS

Titanium parts for Army Ordnance will be made by Kropp Forge Co. (Chicago). A major program for manufacture of aircraft parts, such as landing gear forgings, structural members, and jet engine parts, is already under way. New equipment, including a 40,000-lb. drop forge hammer and a 4,000-ton forging press, have been added for the new work.

Freon-12, refrigerant manufactured by E. I. du Pont de Nemours & Co., can be used for detecting leaks, according to the company. Its use as a leak detector stems from its ability to escape through the finest openings in any material. The location of the leak can be found with electronic equipment or by using a gas-burning torch whose flame changes color in contact with the non-flammable Freon.

An experimental mine for developing satisfactory methods of mining southeastern shale deposits will be operated by U. S. Bureau of Mines under a contract from the Atomic Energy Commission. The southeastern shale deposits contain minute percentages of uranium and are important to AEC as a potential source of domestic uranium reserves if a satisfactory mining method can be developed.

ANOTHER REMINGTON RAND ELECTRONIC DEVELOPMENT



Remington Rand introduces the **ERA 1103** *general-purpose computer system*

ADVANCED LOGICAL AND ENGINEERING FEATURES

■ **ACCOMMODATES WIDE OPTION OF
DIRECT INPUT-OUTPUT DEVICES**

Punched-card equipment
Communications circuits
Punched-paper and magnetic tapes
Process-actuating mechanisms
High-speed printers
Graphic visual displays

■ **FLEXIBLE DATA REPRESENTATION**

Alphabetic and numeric data in any code

■ **INHERENT HIGH SPEED AND LARGE CAPACITY**

Coordinated electrostatic and magnetic drum storage
Magnetic tape storage

■ **EFFICIENT, VERSATILE PROGRAMMING**

Powerful instruction repertoire
Flexible two-address logic

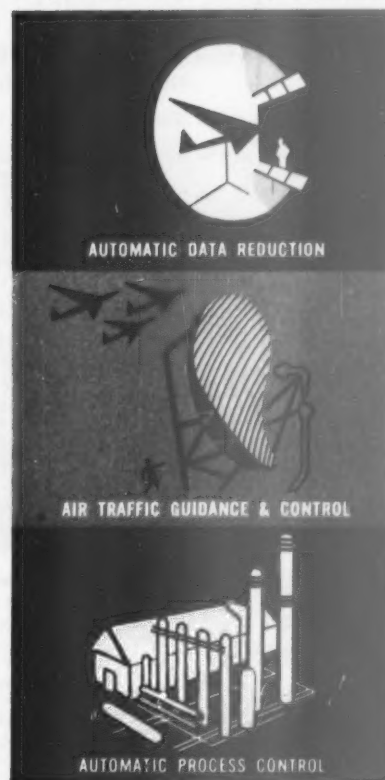
■ **UNEXCELLED RELIABILITY**

Components of service-proved design
Preventive diagnostic features
Integral air conditioning

■ **LOW DATA-PROCESSING COST**

For complete information about the application of the
ERA 1103 to your problems, write on your business
letterhead to Room 1676, 315 Fourth Ave., New York 10.

High-speed computation



Engineering Research Associates

DIVISION OF
Remington Rand

MARKETING

National Advertising Media: 1952 Hit a New High

| | 1951 | 1952 | % Change in Revenues |
|--|----------------------|-----------------------|-------------------------|
| MAGAZINES' REVENUE | | | |
| Weeklies, semiweeklies | \$255,965,791 | \$279,048,208 | + 9.0 |
| Women's | 94,666,357 | 98,931,448 | + 4.5 |
| Home service | 41,196,953 | 43,623,814 | + 5.9 |
| Farm | 31,109,096 | 32,989,918 | + 6.0 |
| General monthlies | 26,791,250 | 27,880,148 | + 4.1 |
| Fashion | 19,545,469 | 19,363,942 | - .9 |
| Management | 18,332,547 | 22,382,140 | +22.1 |
| All other | 26,243,141 | 28,479,122 | + 8.5 |
| Total | \$513,850,604 | \$552,698,740 | + 7.6 |
| NETWORK RADIO REVENUE | | | |
| American Broadcasting Co. | \$33,708,846 | \$35,023,033 | + 3.9 |
| Columbia Broadcasting System | 68,784,773 | 59,511,209 | -13.5 |
| Mutual Broadcasting System | 17,900,958 | 20,992,105 | +17.3 |
| National Broadcasting Co. | 54,324,017 | 47,927,115 | -11.8 |
| Total | \$174,718,594 | \$163,453,462 | - 6.5 |
| NETWORK TELEVISION REVENUE | | | |
| American Broadcasting Co. | \$18,585,911 | \$18,353,003 | - 1.3 |
| Columbia Broadcasting System | 42,470,844 | 69,058,548 | +62.6 |
| Du Mont Television Network | 7,761,506 | 10,140,656 | +30.7 |
| National Broadcasting Co. | 59,171,452 | 83,242,573 | +40.7 |
| Total | \$127,989,713 | \$180,794,780 | +41.3 |
| NON-NETWORK RADIO AND TIME SALES | | | |
| National and Regional Spot Radio | \$119,559,000 | \$124,414,000* | + 4.1 |
| Regional Network Radio | 8,481,000 | 11,107,000* | +31.0 |
| Total | \$128,040,000 | \$135,521,000* | + 5.8 |
| INDUSTRIAL, TRADE, CLASS, AND EXPORT PAPERS' PAGES OF SPACE | | | |
| Industrial | 234,286 | 263,323 | +12.4 |
| Trade | 69,191 | 71,848 | + 3.8 |
| Class | 28,329 | 29,739 | + 5.0 |
| Export | 12,423 | 13,180 | + 6.1 |
| Total | 344,229 | 378,090 | + 9.8 |
| NEWSPAPER LINAGE (52 cities) | | | |
| General | 366,660,584 | 349,131,462 | - 4.8 |
| Automotive | 109,996,228 | 107,424,208 | - 2.3 |
| Total | 476,656,812 | 456,555,670 | - 4.2 |

*Estimated

Figures on magazines, network radio, and network television from Publishers' Information Bureau are based on one-time card rates, as are Broadcasting Magazine's estimates of non-network radio and television time sales. Figures on industrial, trade, export, and class papers are from Industrial Marketing; those on newspapers are from Media Records. Sunday magazine supplements are counted with newspapers.

1953 Looks Even Bigger

It's hard to find an advertising man with major worries these days. Advertising has just had another record year (table), and it looks as though business is going to go through the roof again in 1953.

According to the annual estimates made by the Central Research Dept. of the McCann-Erickson advertising agency, total U.S. advertising expenditures rose from about \$6.5-billion in 1951 to \$7.2-billion in 1952. That was a gain of 11%.

• **Outlook**—Conditions promise to continue perfect for the ad man in the immediate future. Advertising expenditures invariably rise with an increase in national income, so as long as general business goes on booming, the ad

business will keep right on booming the way it has for the past few years.

But there's no clear prediction for the long term. What happens if business turns down? Will it be true that—as some ad men think—the rougher the going gets, the more money advertisers will pour into promotion?

There are good arguments in favor of this theory. But as yet, nobody is quite sure.

I. Effect of TV

So far as the short term goes, neither the agencies nor the advertising media have many qualms. Even the older media have been doing so well that they have been able to get down the

huge undigested lump of television without too much pain. And unless there is a major setback in the economy during the next few years, these older media are not likely to be too seriously hurt.

Last year's gains in revenue for TV, though not so sensational as those of the year before, were nonetheless impressive. Network TV came to \$180.8-million, pulling ahead of radio network revenue for the first time.

The only losers last year, as in 1951, were radio and newspaper advertising. But even they have been hurt only on the national level.

• **Radio**—The drop of 6.5% in national radio network revenue (table) was the direct result of TV's incursions. This sustained drop for the second year in a row raises the question of what eventually will happen to radio networks. With volume dropping and rates slipping, the profit is going out of the networks. This may bring about curtailed programming (BW—Dec. 27 '52, p. 27).

Nighttime network radio is the big loser. TV's inroads have been so great here that the whole radio rate structure is changing. Traditionally, daytime radio rates were always half the evening rates. But now the two are leveling off. For example, the five radio stations owned and operated by American Broadcasting Co. have just announced a single rate for both times.

Locally, however, radio has continued to make gains. McCann-Erickson estimates that there was a gain of about 5% last year in over-all local radio advertising volume.

• **Papers**—Newspapers also took a loss, though just why is not quite so clear as in the case of radio. There is also this difference: National newspaper advertising is down only in terms of linage. Dollar volume, thanks to rate increases, was actually up last year—though slightly—over the \$513-million figure for national advertising in 1951.

According to the Bureau of Advertising of the American Newspaper Publishers Assn., biggest losses in linage were in the grocery (including soap and soft drinks), automotive, appliance, and liquor categories. The sharp drop in liquor consumption (BW—Feb. 7 '53, p. 78) accounts for the drop in liquor linage. The steel strike accounts for some of the loss in car and appliance linage. But what about the rest?

Television again seems to be the villain. The high cost of TV has forced some advertisers to cut somewhere—and newspaper advertising is frequently the easiest thing to cut.

• **Cooperative Ads**—There's one bright

expenditures on automotive advertising.

And glance down the list of appliance makers and their plans:

Thor will spend up to 50% more on advertising this year than last, if a TV show it is planning goes through.

Admiral's ad budget will reach a record high of better than \$20-million.

Norge's expenditures will increase 25% in 1953.

Hotpoint's will go up 35%.

There are a number of factors involved here. The prospect of a bigger market has played a part in management thinking. So has the expectation that there will be plenty of competition for this market. Still another important factor is the introduction of new appliances. International Harvester Co., for example, has had to increase its advertising expenditures to take care of two new lines—room air conditioners and dehumidifiers. Other manufacturers are also promoting new products heavily. Car advertising, too, was up sharply in January to handle the flurry of new models.

III. The Long View

What will happen to these big, shiny ad budgets if there really is a downturn in sales and the going gets rough? Will advertisers continue to tie their advertising budgets to the sales curve, as so many have done in the past? Or will they step up advertising to meet a slackening in sales?

The question looms with particular importance in the vital fields of autos and appliances. It's here that "discretionary" buying really plays a part. These are the big, expensive items that people don't have to buy in order to live—but that the present economy must sell in order to function at its current high level.

• **Going Up**—The answer, though unclear and varying from industry to industry, tends so far to bolster Madison Avenue's hopes. There's some evidence to suggest that the ratio of advertising expenditures to the total economy is increasing.

There was a time, in predepression days, when advertising accounted for 3.9% of the total national income. During the war, when advertising wasn't necessary, it plummeted to 1.5%. During the past few years, it has been hovering at the 2.4% mark. Now, however, the Assn. of National Advertisers finds that there has been a slight increase, to about 2.5%.

• **The Question**—However slight, this increase may show that advertisers aren't sticking strictly to the sales curve. Advertisers, at least, insist that this is true. Appliance manufacturers say that in the event of a turndown they are fully prepared to beef up their advertising.



in WIRE ROPE, too, the RIGHT KIND of muscle makes the difference

Endowed with highly specialized leg muscles, the kangaroo is able to make tremendous flying leaps—even with Junior perched in the rumble seat.

In wire rope, too, specialized jobs call for specialized muscles. That's why in Wickwire Rope we make sure you always get the proper combination of physical properties to best resist the destructive forces found on your particular job—whether they be abrasion, load strain, shock stress or bending fatigue.

Wickwire Rope gives you the benefit of long experience and specialized know-how which assure you of exactly the right kind of rope your particular job demands. See your Wickwire Rope distributor or contact our nearest sales office.



A YELLOW TRIANGLE
ON THE REEL
IDENTIFIES
WICKWIRE ROPE

THE COLORADO FUEL AND IRON CORPORATION—Abilene (Tex.) • Denver • Houston • Odessa (Tex.) • Phoenix • Salt Lake City • Tulsa

THE CALIFORNIA WIRE CLOTH CORPORATION—Los Angeles • Oakland • Portland • San Francisco • Seattle • Spokane

WICKWIRE SPENCER STEEL DIVISION—Boston • Buffalo • Chattanooga • Chicago • Detroit • Emlenton (Pa.) • New York • Philadelphia

WICKWIRE ROPE



PRODUCT OF WICKWIRE SPENCER STEEL DIVISION
THE COLORADO FUEL AND IRON CORPORATION

**Vinco is
mass producing
component parts
for him**



**SPLINE
GAGES
GEARS
GEAR
PUMPS**

His full enjoyment of dinner at home is never spoiled by worries about component parts because he knows Vinco will produce and deliver them as specified. This confidence in Vinco, by a growing number of metal products manufacturers, has forced an expansion of facilities including the addition of a stamping and plating division. Vinco would like an opportunity to demonstrate to you why customers have confidence.

VINCO CORPORATION
9121 Schaefer Hwy.
Detroit 28, Mich.

VINCO

THE TRADEMARK OF DEPENDABILITY.

MILLIONTHS OF AN
INCH FOR SALE



**VIKING
PUMPS**
Cut Unloading
TRANSPORT TIME



New petroleum unloading system saves 1/4 hour each operation with Viking model Q162 pump.

The Indiana Farm Bureau Cooperative Association has cut costs by the extensive use of Viking Pumps. Installation of Viking Q162 all-weather units has cut unloading time of petroleum transports from one hour and fifteen minutes to 28 minutes. Personnel costs also are cut, and pump horse construction is saved. These unloading units supplement use of over 60 Viking six and four-pump bulk plant units. Some 300 Viking K124 tank truck pumps are also used and 5-inch Vikings are in service at their river terminal.

If you want to cut liquid-handling costs, turn your problem over to Viking Pump engineers. Write now for bulletin series SP223C.



VIKING PUMP COMPANY • CEDAR FALLS IOWA

THE ORIGINAL "GEAR-WITHIN-A-GEAR" ROTARY PUMP

"... will they step up advertising to meet a slackening in sales? ..."

ADVERTISING starts on p. 60

note for newspapers this year: Whatever happens, so-called cooperative advertising—paid for jointly by merchant and manufacturer—will be running at a higher level than at any time since the war. Competition always increases cooperative advertising. The dealer likes it, and it's a comparatively cheap way for a company to increase advertising coverage.

The newspapers also like it—but not the ad agencies. They prepare art work for the ads, but that's about their only share in the deal. The local dealer places the ads directly with the newspaper in his home town. So you can count on Madison Avenue to put up a fight against the growing trend towards cooperative ads, by offering agency-controlled merchandising programs.

• **New Ammunition**—This year newspapers and other media will get still another sharp competitive shove from TV. By the middle of 1953, some 100 new stations will have gone on the air. This will increase the over-all television bill, already staggeringly big.

Undoubtedly, one effect will be to light an even hotter fire under the trend towards "participation" shows, whereby advertisers share the cost of a TV show with other advertisers by one scheme or another. This means lower TV costs for each advertiser. It may open the door for advertisers who couldn't afford to come into the medium before.

What will another rapid rise in TV revenues do to the other media? The answer lies in what will happen to the whole of advertising.


II. The Short View

At the moment—aside from the exceptions noted—it looks as though the other media don't have to worry too much. The picture is a fairly rosy one, with enough money in the offing to take care of all comers.

The advertising fraternity is betting firmly on another over-all boost in business. Frederic R. Gamble, president of the American Assn. of Advertising Agencies, is looking for an increase in advertising revenues this year of some 5% to 10%. Other Madison Avenue executives are placing their chips in the same square.

• **Pointers**—The signs are encouraging. Look at the auto field, for instance: Auto advertising is predicated largely on volume of production. Production is going up; so, therefore, will over-all

Bringing Facts Into Focus . . .



$$C = \sum C_p(P_m) + \sum C_i(I_m)$$

SCIENCE STEPS OUT OF THE LAB:

"Operations Research" Helps Management Solve its Knottiest Problems

OBJECTIVE: To provide executives with reliable quantitative bases for sound policy decisions.

RESULTS: More effective, more profitable use of men, money, machines and materials.

Definition

In essence, "Operations Research" (O R) is the organized application of the methods of scientific research to problems outside the fields of pure science. O R began during Word War II, with the forming of groups of scientists to analyze combat data. Purpose of these groups — to determine effectiveness of specific operations and to devise methods of enabling weapons and weapons systems to deliver their "Sunday punch" every day. It was highly effective.

The definitive element of "Operations Research" is the teaming up of men highly trained in the methods of thinking developed in the physical sciences; the mathematician, the physicist, the chemist, the engineer, others. The team's objective is to reveal the basic relationships underlying operations and to predict the effects of possible changes. The procedure — to select criteria of effectiveness in the light of basic company objectives, to study past operations to get the facts, to develop a theory explaining the facts, to use fact and theory together to find how to operate best.

The O R group uses a variety of tools; simple statistical methods of averages, dispersion and significance and advanced techniques of quantitative analysis such as probability theory, variational calculus and the like.

Example

The company — Johnson & Johnson; the O R group — that of Arthur D. Little, Inc., industrial research and engineering consultants who have pioneered in the O R field. J&J's problem — to schedule production of a large

number of lines and products to meet varying seasonal sales forecasts, with minimum overtime and minimum tie-up of capital in inventories. The O R analysts studied only one segment of the operation. They summarized the total production and inventory costs that were affected by the production schedule, in the equation shown above.

In this equation:

C = total cost

$C_p(P_m)$ = Cost of producing (in any month) an amount of production P_m

$C_i(I_m)$ = Cost of carrying in inventory (in any month) an amount of inventory I_m

— The O R team measured all important factors, including many that had been thought non-measurable and, using linear programming techniques, developed a production schedule for minimum total cost. This schedule cut costs of inventory and overtime by 56%; further, it showed that, by redistributing vacations, such costs would be cut 79%. A quick and simple method was devised for extending optimum scheduling to all production divisions of the company.

Perspective

In other applications, O R has demonstrated its potential by: evolving guides for minimizing machine scrap; evaluating new control equipment; improving traffic flow; helping decide location of plants and warehouses; suggesting economic budgeting of sales promotion; guiding the use of capital resources.


O R men emphasize that O R in no way usurps or supplants executive judgment: — it merely provides management with a new powerful tool, in the form of precise, highly organized operational intelligence. J&J is assured that the Operations Research method is *not* as incomprehensible as this necessarily brief presentation might cause it to appear.

Jones & Lamson, too, is dedicated to increasing industrial efficiency.

J&L regularly works with top management in advance planning involving higher productivity achieved by greater automaticity, speed and precision in machine tools.



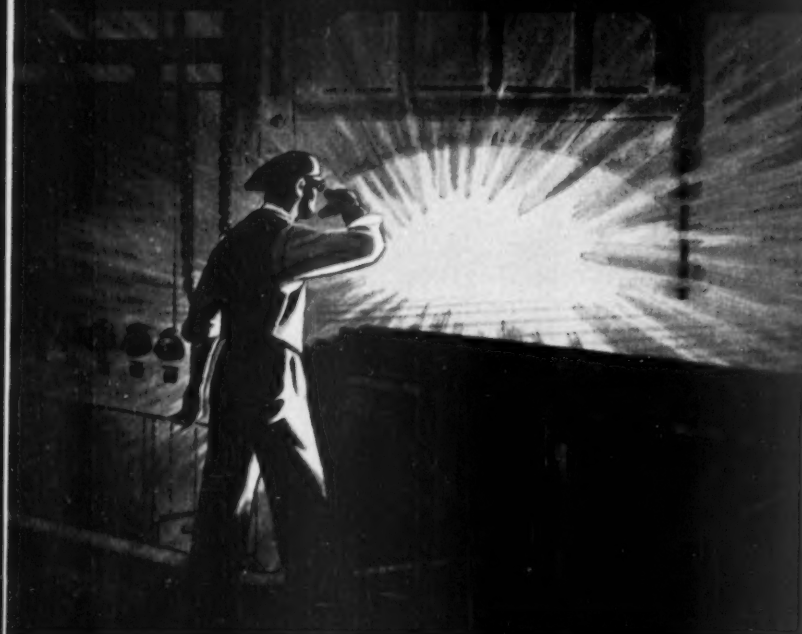
SOURCE: Arthur D. Little, Inc., 35 Memorial Drive, Cambridge 42, Mass.

JONES & LAMSON  **MACHINE COMPANY**

Dept. 710, 503 Clinton Street Springfield, Vermont, U. S. A.

Turret Lathes — Fay Automatic Lathes — Thread Grinders — Optical Comparators — Threading Dies & Chasers

OFTEN THERE'S NO SUBSTITUTE FOR A GOOD LOOK

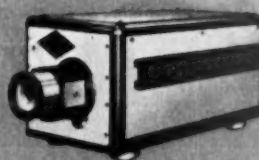


That's Why Industry Needs the DIAMOND "UTILISCOPE" (WIRED TELEVISION)

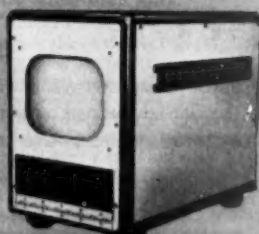
Vital and critical processes inside a furnace often are of such a nature that only a good look can make sure the conditions are right. There are many other operations and processes in industry where the statistical information offered by the best instrumentation is no substitute for a good look. . . places where instruments can't provide the REALISM necessary to correct judgment and decision.

The Diamond "Utiliscope" (wired television) enables the operator to have a "good look" at all times, no matter how distant, dangerous or inaccessible the operation. A clear image can be brought to any desired point. Images of separate but related operations can be shown side by side, so one operator can correctly coordinate them.

The "Utiliscope" is thoroughly reliable and not expensive. It cuts costs, improves operation, saves manpower and promotes safety. Write for Bulletin.



"Utiliscope" Camera (above)
and Receiver (below)



TYPICAL USES—Studying destructive tests of engines • Watching flow of molten steel • Checking remote gauge readings • Observing conditions inside furnaces • Viewing nuclear research • Coordinating materials flow on conveyors • The "Utiliscope" (Registered U. S. Patent Office)

DIAMOND
UTILISCOPE

WIRED TELEVISION

DIAMOND POWER SPECIALTY CORP.

FIRST IN INDUSTRIAL TELEVISION

LANCASTER, OHIO • OFFICES IN 39 PRINCIPAL CITIES

Diamond Specialty Limited—Windsor, Ontario

WRITE FOR
BULLETIN 1028 V

SINCE 1903, DIAMOND HAS MANUFACTURED QUALITY EQUIPMENT FOR INDUSTRY

MARKETING BRIEFS

Dollar sales of Servel, Inc., last year (\$99.5-million) more than doubled over the previous year. The company moved out of the red with a net profit of \$1.7-million. But consumer markets didn't account for all the gain. Servel says that its "major production effort" was on defense work.

Mentholatum Co. of Buffalo, which has been doing an annual 50-million unit volume without a national sales force, has appointed Wildroot Co., Inc. (also of Buffalo), as its sales agent in the U.S. The arrangement has been tested on a trial basis in the Southwest for three years.

Pooled shipments of goods from Chicago to various Detroit retailers are now carried on a daily truck run by Detroit Shippers Co-operative Assn. Detroit merchants formed the association to reduce costs and speed up delivery. They expect to extend its operations to reach other major cities.

Book-of-the-Month Club, Inc., is in the travel tour business. With American Express Co., the club is circularizing part of its membership to gauge interest in any one of 12 tours—within the U.S., to Latin America, or across the Atlantic. The lures: free travel books and regional books to tour subscribers; a guarantee that fellow tourists will be club members or their friends.

Bock beer may be sold anytime, according to an Ohio judge, who declared illegal a state liquor board rule forbidding the distribution of the dark brew before Mar. 17. Under old brewing methods, bock was made from the dregs of the brewing casks and sold in the early spring. But with modern processes, dregs cease to be a necessary byproduct, the judge said.

A third Fedway department store was opened in Amarillo, Tex., early this month. The first two are also in Texas cities, Corpus Christi and Wichita Falls (BW-Oct. 4 '52, p52). The next one, due in a few weeks, will be in Longview, Tex.

Textron, Inc., is now completely out of the consumer goods business with the sale of Indian Head Mills. Textron will concentrate entirely on making grey goods. Indian Head will stay in business as a separate company making cotton goods for retail and wholesale markets. Over the past few years, Textron has sloughed off its other consumer goods divisions.



might see anywhere.

AFTER, it teems with do-it-yourself ideas (linoleum on floor). Pictures will highlight company's 1953 advertising.

Sell the Fixup Market

(Story continues on page 68)



SLANTED MIRROR cures neck craning when the master of the house shaves. Bathroom uses another Armstrong product—its tile-like wall finishes.



BOYS' BEDROOM puts upper bunk at right angles with lower bunk to make room for closet. Closet door hinges in middle (Armstrong floor here).



BASEMENT GAME ROOM has walls of Armstrong Temlok interior finish. Decorative panels painted on blocks of company's acoustical materials add touch of color.



OLD HOME in Lancaster, Pa., becomes Armstrong Cork's . . .



IDEA HOUSE to help homeowners modernize their homes.



BEFORE Armstrong redecorated, master bedroom was a room you

Houseful of Ideas with One Aim:



LIGHTS over mantel were wall fixtures in old living room, Armstrong interior decorator Sara Emerson explains to previewers. House opens to visitors Apr. 1.



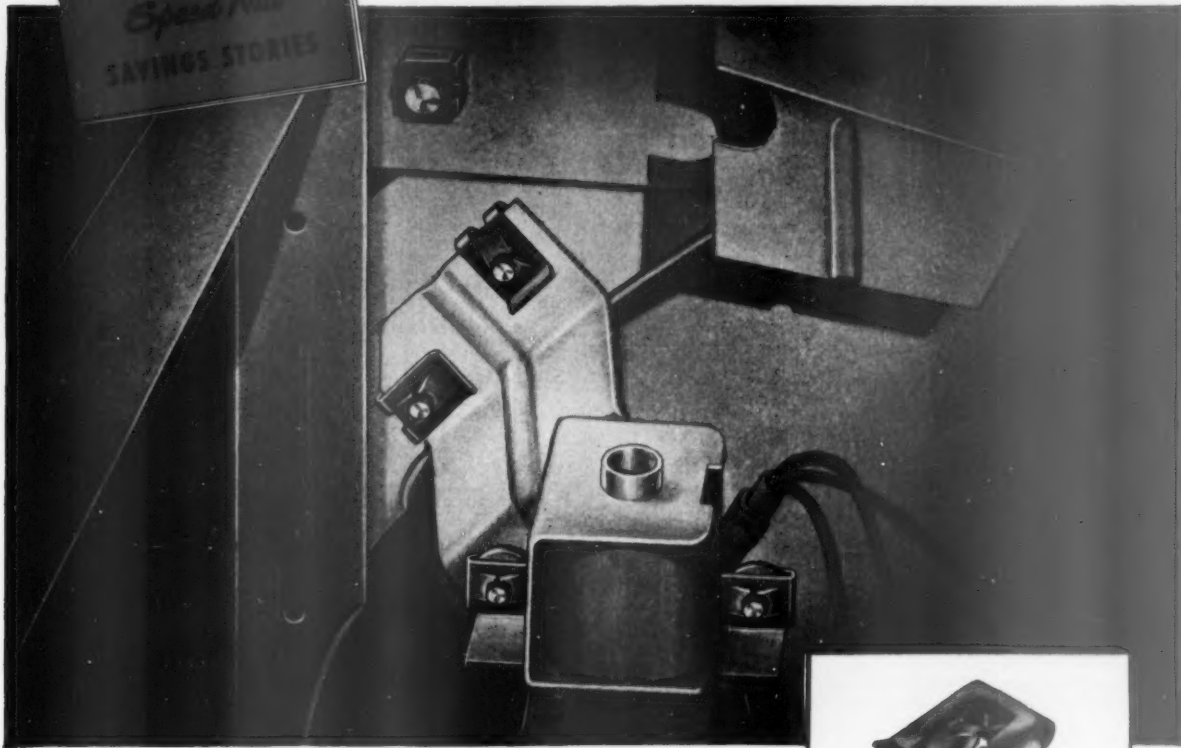
LAZY SUSAN cupboard in kitchen eliminates stretching for salt on back of shelf. Walls have Armstrong Linowall surface; working surfaces are of plastic, Granette.



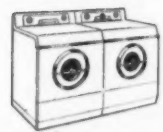
SEWING NOOK in tiny den hides behind door. Table pulls down to show racks for spools and other sewing materials (Armstrong walls and table-top surface).

TINNERMAN
Speed Nut
SAVINGS STORIES

FASTEST THING IN FASTENINGS*

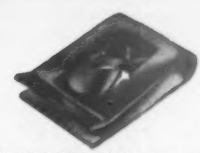


BENDIX Perfect Laundry Pair **"Cleans Up" with SPEED NUT Savings!**



For years, Bendix engineers have relied on SPEED NUTS to cut assembly costs and step up production schedules. That is why SPEED NUT brand fasteners were specified on the new "Perfect Pair" automatic washer and dryer units.

Here is a direct quotation from a recent Bendix report . . .
". . . because we design from the ground up with Tinnerman, we effect basic economies. These include lower production costs and greater efficiency that result in lower retail prices and reduced service costs for consumers. Thus, in our production, we consider Tinnerman products more basic than nuts and bolts." Chances are your Tinnerman representative can turn your assembly problems into production savings. See him soon for details on the Fastening Analysis Service available for your products!



U-TYPE SPEED NUTS are self-retaining, snap in place over panel edges or center-panel locations; remain in bolt-receiving position for fast, easy assembly.



SPEED GRIP Nut Retainers snap in place by hand . . . no welding, clinching or staking. They reduce materials handling and are ideal for blind locations.

A copy of "SPEED NUT Savings Stories", an interesting booklet of typical Tinnerman savings to industry, is yours on request. Write: **TINNERMAN PRODUCTS, INC.**, Box 6688, Dept. 12, Cleveland 1, Ohio. In Canada: **Dominion Fasteners Ltd.**, Hamilton, Ontario. In Great Britain: **Simmonds Aerocessories, Ltd.**, Treforest, Wales. In France: **Aerocoisseurs Simmonds, S.A.**—7 rue Henri Barbusse, Levallois (Seine).



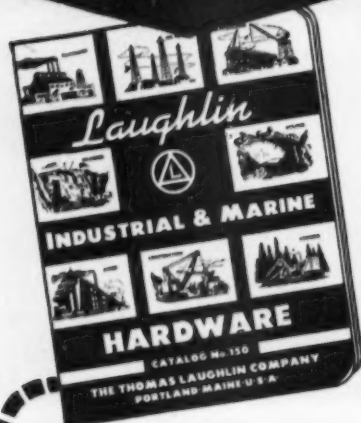
TINNERMAN

Speed Nuts



MORE THAN 8000 SHAPES AND SIZES

If you use wire
rope or chain
anywhere in
your business
**YOU NEED
THIS BOOK!**



You're losing money if you overlook the importance of the fittings that make wire rope and chain usable. The correct fittings, properly selected for the job, can save you thousands of dollars. They protect your equipment, reduce accidents, and increase efficiency.

Laughlin is an established leader in the field of high grade drop forged steel fittings and more and more smart businessmen today are making it a point to put the Laughlin catalog into the hands of the man in their company who is responsible for the selection and best use of wire rope or chain.

This catalog lists over 1500 types and sizes with drawings and specifications that make selection easy. It also contains data on numerous Laughlin "exclusives" that will go a long way to cut your rope and chain assembly and replacement costs.

It's just plain good business to send for this valuable FREE data book today.

For Safety's Sake — Say

LAUGHLIN

Please send Catalog No. 150

Name _____ Title _____
Address _____
City _____ State _____

THE THOMAS LAUGHLIN CO.
117 Fore St., Portland, Maine

"... Armstrong is convinced that the fixup market will be a big one in next few years ..."

FIXUP MARKET starts on p. 66

In Lancaster, Pa., there's an old house with a spruced-up exterior and a refurbished interior that's calculated to sell every housewife on Armstrong products. Called the Idea House, it's Armstrong Cork Co.'s most spectacular try for the home remodeling market. Armstrong is convinced that the fixup field will be a big market—if not the big one—in the next few years.

Late in 1951 Armstrong figured that the best way to catch the market would be to show what could be done. So it bought an old house and did it over, to use it partly as a laboratory, mostly as a big feature in Armstrong advertising. Now, over a year and a half later, the house is almost ready to go to work.

• **Even the Kitchen Sink**—The Idea House, says Armstrong's director of advertising and promotion, Max Banzahf, is frankly idea-happy. Armstrong decorators put into it just about every conceivable gimmick and device to snare the housewife's heart. They used the furniture in the house whenever they could, as any thrifty homeowner would do. They cut legs off old chests, sawed chests of drawers in two, converted stove finials and andirons into lamps, used old hat-tree hooks to hang towels on.

And, naturally, because the end aim is to sell Armstrong products, they pop up all over the place. Nearly all the floors are covered with an Armstrong floor covering—with or without rugs. Armstrong walls appear in kitchen, bath, basement, and hallways; Armstrong acoustical ceilings show up in noisy spots in the basement. Its brand-new Granette plastic covers kitchen counters.

• **Open House**—The house is still severely under wraps; very few Armstrong employees have seen it yet. But from April to October its doors will be wide open. Guides will be on hand to take visitors from top to toe, and point out all its wonders.

Its big job starts before that. Beginning in late March, with a spread in the Saturday Evening Post, before and after pictures of the Idea House will be the theme of Armstrong advertising. That fact explains some of the vivid color effects the rooms have—red and yellow in the living room, blue and pink in the master bedroom. "The house had to be photogenic to stop the ad reader," Banzahf explains.

• **Plenty of Time**—The advertising will all have one focus: to suggest ideas a

woman can use. Immediate sales aren't the goal—linoleum and tiles and wall finishes are hardly impulse items. But the company hopes she'll clip the ads and file them against the day when the piggy bank tells her to go ahead with her remodeling plans.

To that end, the advertising will urge readers to go to their Armstrong dealers for a book that will tell the housewife how she can fix her home. At the dealer's, of course, she will see some of the Armstrong patterns that are pictured in the ads. The advertising will also invite people to come to Lancaster to see the Idea House for themselves. So will television commercials.

• **Fewer New Ones**—Why has Armstrong gone to such lengths to intrigue the fixup market? It has some solid reasons.

First, new home building, by rights, should be heading for a slowdown. The year 1952 was the fourth in a row to chalk up over 1-million starts in dwelling units. Experts expect the same in 1953.

But after that, the story should be different. The postwar boom in new households reached its peak between April, 1947, and April, 1948; nearly 1.6-million new households were formed that year (BW-Jan.17'53,p52). By April of last year, the annual increase was down to 900,000. Armstrong's economist, Walter E. Hoadley, Jr. (BW-Jan.10'53,p136), figures that by 1955 this will be down to some 700,000; thereafter new households will increase at the rate of 700,000 to 900,000 annually.

• **Baby Slump**—The big reason, of course, is that the babies of the depression years are coming of marriage age—and there was a notable slump in babies during those years.

To offset the drop in new housing, Hoadley points out, many families are going to need a lot more living space in the next few years. Most prewar houses in the U.S. had five rooms; the postwar house averages four. Yet in those four rooms are squeezed some 12-million more children under 14 years of age than there were in 1940.

To stretch out living space, millions of attics will be finished off; porches, garages, basements will be pressed into service as bedrooms, dens, TV rooms. Only half of the 46-million-odd kitchens can be called modern, Hoadley says; only 80% of all homes have private indoor toilet and bath.

Finally, Armstrong has only to look at where its own products are going. It estimates that in 1950 and 1951 only about half of its products went into remodeling. In 1952 remodeling accounted for maybe two-thirds of its sales, and 1953 promises to repeat that score.



because it's pre-checked with Consolidated instrumentation

THE CONSOLIDATED TITRILOG vigilantly guards America's gas-distribution systems by monitoring the injection of an odorant into otherwise odorless natural gas. The Titrilog also safeguards factory personnel against toxic hydrogen sulfide; analyzes the atmosphere continuously and accurately; sounds an alarm at dangerous traces of H_2S .

COMMUNITY HEALTH IS ALSO SERVED by this sensitive detector of air pollution. The *Titrilog* not only locates *sources* of pollution but quantitatively records sulfur-compound-contamination in traces as low as one part in ten million! If you supply, transport, or use gas, a *Consolidated Titrilog* will serve *you* and those you serve, as well.



METROPOLITAN UTILITIES District of Omaha pre-checks as much as 77,000,000 cubic feet of gas per day for consumer safety. The Titrilog continuously monitors the concentration of odorant in the line, giving added safety to this dependable public service.

Model 26-102 Stationary Titrilog is used to detect and quantitatively record the concentration of sulfur compounds in a gas stream. Will not react to ammonia, hydrogen, carbon monoxide or dioxide, or saturated hydrocarbons but can be equipped for audible alarm against minute traces of dangerous H_2S . One of many CEC analytical instruments for science and industry, it is available through purchase or rental.

Consolidated Engineering CORPORATION

300 North Sierra Madre Villa, Pasadena 15, California

Sales and Service through **CEC INSTRUMENTS, INC.**, a subsidiary with offices in: Pasadena, New York, Chicago, Washington, D. C., Philadelphia, Dayton, Dallas.

analytical
instruments
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for any industry, made by special tooling, costing only 15% of conventional dies. Some desirable territories open.

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FREIGHT SERVICE

FIRST to give shippers
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for freight

And today, ALL
Cotton Belt freight service is **BLUE STREAK**... swift... dependable
... ready to deliver your shipment
—on time!

FREIGHT comes FIRST
on the **COTTON BELT ROUTE**

SERVING the SOUTHWEST
SINCE 1877



ST. LOUIS SOUTHWESTERN RAILWAY LINES



SOUP AND MILK are the latest in a long line of developments as machines . . .

Sell It to You Hot or Cold

Makers of vending machines haven't yet found a limit on what can be done with them. They started with peanuts, candy, chewing gum. After the war you began to get prepared foods, served hot or cold, and drinks, served in paper cups. Today you can get coffee, ice cream, soda pop, apples, fruit juice, doughnuts, sandwiches, and popcorn. Now, vending machines have spread into two new areas—hot soup by the cup and milk by the carton.

• **Milk**—Installation of 70 milk vending machines in New York City apartment buildings is perhaps the most significant of the two developments. If the idea spreads, it could well upset old patterns of milk distribution, and even butter and cream distribution—especially in cities where there are a lot of multiple-housing developments.

Each machine holds 140 chilled cartons of milk. In New York, the price at the machine is 22¢; this is the same as the store price, 4¢ under the usual home delivery price. The machine is stocked by a regular route milkman, more than once a day if necessary. Time-of-sale studies are made at each new installation to determine when the vendor should be stocked in order to meet rush-hour demands.

The milk machines are made by Rowe Mfg. Co., of New York. At present they're operated only by City Milk Co., but Rowe intends to work with other companies in New York and elsewhere. The machines are so made that they can sell butter, cream, cheese, and almost any packaged food that can be kept under refrigeration.

• **Soup**—The hot soup machines were developed by Snively Groves, Inc., of Winter Haven, Fla. The company sells

conventional cold juice machines, but these don't do so much business in winter. So, to even things out for the operator (Union News Co., for instance), Snively is adding the soup unit. The juice machine costs \$800, the soup unit \$50. The operating company buys 46-oz. cans of soup from suppliers such as Campbell Soup Co.

This winter there are about 125 of these soup machines operating in industrial plants and transportation terminals in several eastern cities, Chicago, and Detroit. At present, Campbell sells the operators only tomato soup and bouillon. Other soup companies supply chicken broth. In April, most of the machines will be converted to cold drink dispensers; then, next November, they'll go back to soup.

• **Beanstalk**—According to the trade magazine, Vend, the vending machine business is bigger and broader than ever. In 1952, the magazine says, vendors grossed close to \$1.4-billion in coins. The types growing fastest last year: hot coffee and ice cream. Sales of coffee more than doubled (to reach nearly 720-million cups last year), and the number of ice cream machines rose from 12,325 in 1951 to 16,075 last year.

But the lion's share of the vending machine volume still goes to two old-timers: cigarettes and candy. Vend says that the machines kicked out nearly 3-billion packs in 1952, as against 2.8-billion the year before (about a sixth of all cigarette sales). The number of machines jumped from 436,700 to 473,770 over the same period. Nickel candy bars increased from 3.6-billion bars to 4.3-billion, while penny candy increased only slightly but still sold over 7-billion units.

Ade on Wheels

Sunkist to put its label on ready-to-drink orangeade that the milkman will deliver at your door.

Sunkist Growers, Inc., the big California citrus fruit cooperative, is continuing its search for more ways to buck Florida's dominance of the frozen juice market. Last week its board of directors approved the use of the famous Sunkist label on a ready-to-drink orangeade that will be sold by dairies and distributed by milkmen.

This move completes the trio of new Sunkist drinks, none of which was on the market a year ago. In May Sunkist brought out a ready-to-drink lemonade, made from its frozen lemon concentrate and sold by dairies (BW—May 24 '52, p. 42). In November the Sunkist label appeared on dairy-distributed fresh orange juice. Although the fresh juice sells at the premium price of 25¢ a pt., Sunkist claims that sales have zoomed in months when fresh orange juice usually slumps.

Now, the co-op is getting ready to send its cleanup hitter to bat. Dairies will start offering the Sunkist orangeade in the spring. The probable price: 19¢ a qt.

• **Concentrate**—Sunkist hopes its new orangeade will bail out the California growers who have suffered as frozen orange juice cut deeper and deeper into fresh orange sales. A year and a half ago, Sunkist launched itself in the frozen orange juice field, but its feet have become tangled in two snares. A good part of the California orange crop has had high acid content, limiting its use in the frozen concentrate. On top of this, Florida has been producing bumper crops of oranges: The California growers, whose costs are higher, have had a tough time competing on price, and have been left with a shirt-tail of the frozen juice market.

Now Sunkist figures it will be able to use its sour oranges, which are wholly suitable for orangeade.

• **Easy to Handle**—Another reason for the move is that orangeade is profitable, unlike some other orange products. Actually, it is cheaper for the housewife to make ade from ready-to-drink orange juice, but last summer's soaring lemonade sales indicate that she will pay a little extra for the convenience of not having to do the mixing. And the milkman delivers the ades right to the door.

Sunkist apparently hopes to make up its losses in the breakfast juice market by shifting to the \$2-billion soft-drink market.



"Wouldn't be without them!" say the men who use . . .

Power-driven Pittsburgh Brushes for longer life, better work!

Last longer, much safer—Cloth brushes formerly used at the American Can Co., Jersey City, to wipe excess solder from can seams lasted less than an hour, occasionally caught fire. Switching to special fiber Pittsburgh Brushes, American Can now gets better than 15 hours life per brush and the fire hazard has been eliminated. Supervisory personnel reports: "We wouldn't be without them!"

Last longer, do better job—In producing wall and ceiling panels, at the Barclay Manufacturing Co., New York City, dust caused by routing "mortar lines" settles on the panels, must be completely removed before panels can be bake-finished. Brushes originally used had a short life span, wore unevenly, and did so poor a job that many baked panels had to be completely refinished to pass inspection. Since even a "fairly good" brush would not do, Barclay searched for the "perfect" brush—and chose Pittsburgh! Result: Better work, and costly refinishing eliminated.

Last longer, better constructed—The Windalume Corporation, Kenvil, N. J., manufacturers of aluminum windows, uses Pittsburgh wire brushes to remove burrs caused by milling. The wire bristles on the brushes used formerly broke off easily. Windalume replaced them with Pittsburgh Brushes because they are better constructed—and Pittsburgh Brushes last longer!

WRITE TODAY FOR FREE BOOKLET!

Write for a free copy of our booklet that shows, through actual case histories, how Pittsburgh can help cut *your* brushing costs. Address: PITTSBURGH PLATE GLASS COMPANY, Brush Div., Dept. W-1, 3221 Frederick Ave., Baltimore 29, Maryland.



PITTSBURGH



Power Driven

BRUSHES

BRUSHES • PAINTS • GLASS • CHEMICALS • PLASTICS • FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

*More automobiles, farm
and industrial machines
rely on C/R Oil Seals
than on any similar
sealing device.*



THE LEADERS LOOK TO THE LEADER

Minneapolis-Moline uses



In the Minneapolis-Moline harvester or combine shown, two C/R Oil Seals are used at points requiring an oil flooded bearing on one side and a dry brake on the other. That guarantees long bearing life and proper brake functioning at all times.

This job has two large heavy duty brakes that can be operated independently or together. If one wheel slips, it can be locked and all the traction transferred to the other.

Minneapolis-Moline says this double C/R Seal is the most interesting application they have in their whole line of products. It protects a vital point in this tractor.

This is another example of the leaders looking to the leader, for research, engineering and manufacture of the highest type. If you have a particularly tough lubricant sealing or dirt exclusion problem, put it up to Chicago Rawhide engineers.

C/R, the most widely used oil seals, are stocked in over 1,800 sizes covering 16 different types for immediate delivery. Our free handbook, "Engineering with C/R Oil Seals" belongs in your files. Allow us to send it to you.

CHICAGO RAWHIDE MANUFACTURING CO.

1231 Elston Avenue OIL SEAL DIVISION Chicago 22, Illinois

C/R

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Mechanical
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Beats, diaphragms, packings and other products that give dependable service under difficult operating conditions.

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Scientifically
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Custom-engineered, chemically specialized and custom-built for critical service in aircraft, automotive and other mechanisms.



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Pittsburgh • Cincinnati • Cleveland • Detroit
Peoria • Minneapolis • Kansas City • Houston
Los Angeles • San Francisco

Manufactured and distributed in Canada by
Super Oil Seal Mfg. Co., Ltd., Hamilton, Ont.

The story of two fat men...



One acted unwisely . . . he always ate too much; he tried to lose weight quickly through strenuous exercise, self-prescribed drugs, and other short-cuts to weight reduction.

One reduced sensibly . . . he consulted his doctor about his weight problem, and followed a properly balanced diet to bring his weight down gradually, and keep it at a desirable level.

OVERWEIGHT is our country's Number One health problem today. In fact, it is estimated that there are about 25 million Americans who are burdened by excess pounds.

Medical authorities stress the health hazards of overweight more than ever before. The reason for this is simple:

Continuing studies show that overweight people do not live, on the average, as long as those who keep their weight at a desirable level. This is because excessive fat tends to increase a person's chances of possibly developing one or more diseases of the heart and blood vessels, diabetes, liver and gall bladder disease and other disorders.

Overweight may reduce physical efficiency and often is a serious handicap in the event an operation is needed, or an acute illness occurs. In addition, overweight is

apt to place an unnecessary strain on many vital organs, especially the heart. It has been estimated, for example, that for every 20 pounds of excess weight, one's heart must serve about 12 extra miles of blood vessels. So, it is important to keep a watchful eye on your weight and start reducing as soon as any unwelcome pounds appear.

Safe and sensible weight reduction should always begin with a visit to your doctor. He will examine you and suggest what weight is best for you. His decision will be based, in part, on your height and age, as well as your bone structure and the kind of life you lead.

Nearly all cases of overweight are due to eating too much. There are various reasons for excessive eating—emotional difficulties, for example. Whatever the cause, the doctor can usually help you to develop a sound

weight reduction program. This will usually include a properly balanced diet; one which will bring about the desired reduction slowly, usually at the rate of about two pounds a week, and also supply the body with the necessary protective food elements. However, no diet will produce satisfactory results, unless there is a determined effort made by the patient to reduce.

With the doctor's advice and a firm resolution to cooperate wholeheartedly, an overweight person can usually attain the desired weight—at which he will look, feel, and act best. *Remember that proper weight, in terms of everyday comfort and longer life, is worth whatever effort is required to achieve and maintain it.*

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Please mail me a free copy of your booklet, 353S, "Overweight."

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MANAGEMENT



GEN. LUCIUS D. CLAY: "The art of administration is very much the same wherever you are, even in government. There is no basic difference in any field."



"There is a real tendency for an executive with a high degree of knowledge . . .



. . . to restrict his subordinates by bothering with too many details of a job . . .



. . . that ought only to be coordinated and controlled broadly at the top level."

It's the Same Skill Anywhere

When Continental Can Co.'s former chairman, Carle C. Conway, gave the nod to Lucius D. Clay (cover) as the company's new chairman and chief executive officer, one thing he didn't

have to ask was whether Clay knew anything about making cans.

Conway could skip the question because he already knew the answer: Clay didn't.

But Conway knew something else. Clay is a top-flight administrator. And, as Clay himself sees it, the administrator's job is always the same (pictures).

• Guns and Government—Clay's own

morale of any organization he heads.

Those who deal directly with him admit that he can be tough, but they also point out he is a man you can argue with. Said one: "He might get black in the face in an argument. But there is no carryover. The next time you see him, he may say, 'I guess we just naturally argue.'"

• **Precision**—He runs his company meetings with a sure hand. There's no agenda as such, but by his questioning it soon becomes apparent to every one in the room what is on his mind.

From his West Point training, Clay developed a sharp sense of observation. When he walks through a plant, he comes out asking the questions that a person who has been in the can business all his life might ask.

• **Open-Door Policy**—Clay is no martinet despite his dogged purposefulness and the demands he makes for knowing what goes on. Whether it is Washington, Berlin, or Continental's headquarters, he works with his door open. Anyone in the company who wants to see him gets the chance.

Since Gen. Dwight D. Eisenhower was elected President, friends of the two men have known Clay could be named to a top post if he wanted it, because of his ability and the behind-the-scenes work he did for Eisenhower before, during, and after the campaign. But Clay has said he won't take a government job. His chief interest now is Continental—almost all his time is spent making plans for the company, seeing that they are carried out.

• **Hustling**—Clay himself won't hazard a guess whether Continental can ever top Canco. Last year sales of Continental hit approximately \$475-million—a record. That was \$15-million more than 1951. Canco stepped up its sales figures by \$50-million, to \$621.7-million. Since 1942, when Continental's sales were about 58% of Canco's, the gap has been closing. But last year Continental was hurt worse than its competitor by the steel strike, upsetting the race.

This year Continental has started out with the biggest January in its history, both in dollars and unit volume. Sales were \$6-million over a year ago.

Regardless of the competition, Clay is determined to make Continental a lot bigger than it is, and a lot better known to the public.

His expansion and shifting into new fields is designed to take care of the first goal.

On the second, Clay has launched a public relations and advertising campaign bigger than any his predecessors ever attempted. Clay puts it this way: "I don't like to go into a town, hail a taxi, then have the cab driver ask me: 'Continental Can's plant? Where's that?'"

DRY PHOTOCOPIES Instantly

"COPIES PEEL APART"

NOW ONE MACHINE DOES IT ALL!

Revolutionary New
APÉCO Auto-Stat

With built-in automatic continuous printer

All-in-one compact unit makes photo-exact copies direct from original letters, forms, bids, contracts, invoices, catalog sheets, reports, blueprints.

Now a single all-electric compact photocopy set-up . . . makes a dry photocopy from any original in less than 45 seconds without any other additional equipment. This new unit prints, processes and dries all automatically . . . copies are ready for instant use. The Apeco Auto-Stat saves up to 80% on copying jobs. Eliminates costly re-typing, hand copying, checking or sending outside for expensive copying service. It's fast—only 2 steps will make legally accepted prints from any original up to 11 x 17 inches—whether printed on one or two sides.

SO LOW COST

A complete Apeco Auto-Stat one-unit photocopying installation is priced well within the budget of even the smallest firms. It is remarkably low in cost of operation, too!

- | | |
|------------------------------|--------------|
| No Separate Printer or Timer | No Fixing |
| No Developing | No Drying |
| No Washing | No Dark Room |
| No Trays | |

SO EASY

- 1 EXPOSE**
Insert original and Auto-Stat No. 1 paper into continuous copier

- 2 PROCESS**
Feed exposed sheet and transfer sheet into Auto-Stat

HAVE YOU READ THIS NEW BOOK?

Here is a really informative, worthwhile, factual report on an important new copying development. New booklet pictures and tells complete Auto-Stat story—shows how you can use this revolutionary new photocopy method.



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AMERICAN PHOTOCOPY EQUIPMENT COMPANY

American Photocopy Equipment Co.
2839 North Clark Street, Chicago 14, Ill.

Please rush me—without obligation—FREE copy of your new book on Auto-Stat—with full details on this new photocopy method.

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Firm _____
Address _____
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REVOLUTIONARY

modern desks for better business living



Yes, you can choose from 81 different sizes and models of Invincible Moderne Steel Desks and Tables. And each is designed to make business living better. Adjustable height. Non-slip tops. Smooth, sliding drawers. Graceful, modern styling. And the prices are so low!

And for top drawer secrets, add an Invincible Filing Cabinet with Concealed Safe Unit.

Ask your office equipment dealer, or write

INVINCIBLE

INVINCIBLE METAL FURNITURE CO., MANTOWOC, WIS.

FOR MAILING



large envelopes

samples

direct advertising

house organs

and other duplicate mailings

you can't beat
DUPLISTICKERS!

Write today for your sample package of Duplistickers...see how they will save you time and money on mailings.

EUREKA SPECIALTY PRINTING CO.
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DUPLISTICKERS are made
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career is the best proof of his argument. During World War II, he was one of the top men in the Army's \$200-billion production program, as director of materiel. After the war, he was tapped to set up a government for Germany, run it as military governor.

Before he took these jobs, his experience was limited mostly to civil engineering. That included instructing at West Point after he graduated in 1918, eight years on river and harbor assignments, a dam-building stint on the Red River in Texas, and heading the defense airport program.

Clay's success in his two big Army jobs—production and government—would be enough to back up his theory of administration. But the evidence doesn't stop there. In the three years since he became chief executive for Continental Can, he has made a niche for himself in a third field—running a business.

• **Fanning Out**—Last week Clay announced one move and was almost ready to make another. If they work out according to plan, they should give Continental a big shove toward a goal that has dangled before every executive who has ever had anything to do with the company: closing the gap between Continental and its big competitor, American Can Co. The two new steps toward this goal:

• Continental bought the Benjamin C. Betner Co., Devon, Pa. The purchase puts Continental into the small and medium-size paper bag industry, a field that ties neatly into its line of fiber drums and paper containers.

• Agreement is close on a deal with a small Canadian company that makes paper containers for milk. That purchase would put Continental's foot in the door of a fast-growing business that American Can has been developing for several years.

These moves come on top of an \$80-million expansion program Clay has laid out for himself over the next couple of years.

I. What You Do

Like any military man, Clay is a firm believer in a solid organization. A month and a half after he came to Continental Can, he had already begun reshuffling the company to fit his ideas of what was needed to make it run smoothly.

Due to the boom-time growth and the nature of the can business, Continental was a sprawling organization of some 60-odd plants spread across the country. The plants had been located close to customers—food processors, breweries, oil companies—because it isn't economical to ship empty cans very far, since you ship mostly air. However, the geographical dispersion

of the plants tended to encourage loose over-all supervision.

• **Reorganization**—To knit this type of company closer together, Clay used a formula that sounds simple: Delegate and control.

The three geographical divisions of the metal container end of the business each had a sales head and a manufacturing head. Any clash between the two wound up on the president's desk. Clay centralized responsibility by putting a vice-president in charge of each division. Over them, he installed an executive vice-president, reporting directly to him.

In the smaller divisions, broken down by product—fiber drums, paper containers, bottle caps and cork—Clay handed a lot more authority to the top men than ever before.

• **Keeping Tabs**—At the same time that Clay was passing authority down the line, he set about pulling together the controls he figures top management needs to keep an eye on what goes on. Each month all the operation vice-presidents gather in Clay's office in New York for a look at the period's operations. A control division compiles charts and figures for each plant, division, and the company as a whole.

An unsatisfactory plant is red-flagged. It has to be out of the woods for three months before it is dropped from the unsatisfactory list. Clay makes a point of visiting each plant once a year. He also has a staff at the top level who meet with him every week, fill him in and get his ideas of what they should be thinking about.

II. How You Do It

Even with such an elaborate system of controls, a man can fall on his face as an administrator. Controls and organization are no substitute for ability. Clay's strong points probably can be summed up this way:

• He has an orderly mind. In meetings, talking to strangers, or talking to his officers, his thoughts come out like bullets aimed directly at the subject.

• People who meet Clay are impressed by his sharp, penetrating intellect, though there are some who think it is too sharp at times.

• Clay's tough-mindedness is famous. When he sets his mind on a job, he'll let few things get in the way of its goal.

• **Many-Sided**—Once, as Army production chief, he bluntly told off a Cabinet officer who asked him to spot a young friend in a good Army job. Barked Clay: "The way we handle this, I have nothing to do with it."

On the other hand, he gives those around him plenty of elbowroom to make their own decisions. Because of that, he has a knack for boosting the

Meet the V.P.!!



STYLED BY CARL OTTO
ACTUAL PHOTOGRAPH

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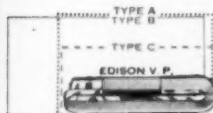
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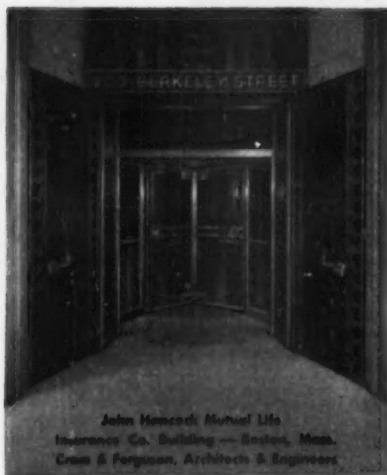
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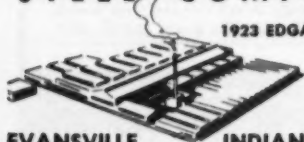
Revolving doors make a fitting entrance for the newest and largest office building in Boston

For the magnificent headquarters of the John Hancock Mutual Life Insurance Co., swing doors proved too drafty and inefficient. The architects redesigned the central section of the entrance for a revolving door built by International-Van Kannel. The results and advantages more than justified the cost of the alteration.

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How to Hold Executives

- There's no ceiling on salaries any more—but there are still high taxes.
- Companies have cooked up many schemes to ease the sting for their executives.
- Coming to the fore now are restricted stocks, pension plans, and group insurance.

Not long ago, Niles Trammell quit his \$100,000-a-year job as president of National Broadcasting Co. and took a \$25,000-a-year job with a Miami television station. This cost him \$26,000 in take-home pay. But along with his salary, he got a 15% ownership of the station. It's a good bet that in the long run this will more than offset his loss of salary.

The potentially better deal that Trammell got points up something that is bothering many executives today: Their pay hasn't been rising so fast as that of other employees (BW-Mar.1 '52,p102). Even the end of wage and salary controls isn't going to solve the problem. High taxes will continue to take their outside bite.

Trammell can probably do better by becoming part owner of a small business than by working for someone else at a high salary.

• **Remedies**—Over the past two or three years, companies anxious to keep valuable executives have cooked up various schemes to make salary-basis employment sound more attractive. They have invented or adopted such deals as stock options, deferred pay contracts, profit-sharing trusts, deferred bonus payments.

You can get a bird's-eye view of all these schemes and a few more that might become equally popular from a book that has just been published. It's by tax expert J. K. Lasser and William J. Casey, New York lawyer. It's entitled *Executive Pay Plans* (Business Reports, Inc., Roslyn, N. Y., \$12.50).

Among the schemes mentioned by Lasser and Casey that are becoming popular are restricted stocks, increased pensions, and group insurance coverage. These three are getting bigger play right now because of recent court rulings, changes in the tax law, and changes in company policy. They set out to do within the company what Trammell did for himself by stepping out.

• **Restricted Stock**—The restricted stock idea, according to Lasser and Casey, works something like this: The executive is given or sold stock with such rigid restrictions wrapped around it that it has no immediate, determinable

market value. Such a restriction might require the executive, for instance, to hold onto the stock for five years before he sells it. If he quits before that time, he'd probably be required to sell it back to the company with no gain for himself.

Courts ruled in 1952 that when such restrictions are lifted—when, for instance, the time limit runs out—and the stock once more has a marketable value, no taxable income has been produced. This is true even if the value of the stock has taken a hefty jump in the meantime. As long as the executive holds onto the stock, any gain in its value is tax-free.

There's one possible hitch: No one knows for sure what happens when the executive decides to cash in—whether the cash is considered regular income or capital gains. The matter still needs a court decision.

• **Case Study**—Here's how First Boston Corp., an investment company, handled this particular plan for a company it was helping to finance: The company sold a certain executive 500 shares of stock at a bargain rate of \$5 per share. He bought it with the stipulation that if he quit within a year he'd sell it back to the company at the \$5 price. If he quit within the second year, he'd sell it to the company at the going market price. After that, he was free to cash in as he pleased.

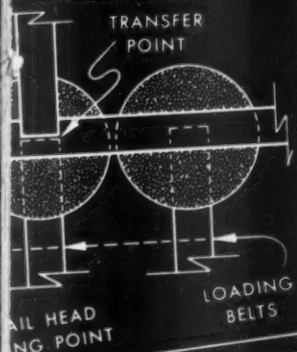
The advantages to the executive: After the time limit expires, he ends up with a fair-sized gain in the value of his holdings—tax-free if he hangs onto the stock. To the company: It has a hold on the executive. And, say Lasser and Casey, this method avoids the complaint that stockholders often launch against stock option plans—not enough executive service for the option.

• **Pensions**—When salary controls were lifted this week, the lid on pensions went with them. But there's still the problem of qualifying any increased pension rates for tax deduction.

Some companies, while awaiting a decision on this point from the Treasury, are removing their own pension ceilings. Take National Biscuit Co., for instance. Its pension formula used



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Best way to move your mine to market

The trouble with many potentially profitable mines is location. They're tucked away behind forbidding terrain—locked in mountain valleys or buried behind miles of jungle. Opening up these valuable deposits is economically impossible with rail or truck, simply because the outlay for roadbed makes wheeled transportation out of the question. Yet within reachable distance of many undeveloped mineral deposits there are ways to market—railroads, rivers, or roads.

There is an answer to this situation, as the G.T.M.—Goodyear Technical Man—can tell you. His solution to the problem is the “rubber railroad”—a system of conveyor belts designed to carry a constant flow of ore from the mine to the shipping point, even though it be many miles away. Such “feeder line” conveyor belts can provide an economical—and low-cost—way to move a mine to market.

Terrain obstacles don't exist with conveyor belts. A system of such belts can tunnel through most obstacles in bores barely big enough to permit the belts to run and cross deepest gulches on lightweight, low-cost bridges. They pass their loads along mile after mile in a constant flow at cost-per-ton figures far below anything wheeled transportation can accomplish. The savings in moving a mine to market via “rubber railroad” can amortize the cost of the belt system early in its service.

If you have a haulage problem—in mine or factory, indoors or out, above or below ground, it will pay you to investigate the advantages of conveyor belts. Whether your solution is a single, short-run belt or a “rubber railroad” made up of many such belts, discuss it with the G.T.M.—the man who knows conveyors best. You can reach him by writing Goodyear, Mechanical Goods Division, Akron 16, Ohio.

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GOOD YEAR

THE GREATEST NAME IN RUBBER



to restrict payments, after retirement, to \$18,000 a year. But Nabisco has taken the lid off. Its president can now get \$59,000 a year when he retires.

• **Insurance**—Companies are giving executives an extra inducement to stay on, too, through special insurance plans. For a \$40,000-a-year man, aged 40, to carry \$200,000 worth of ordinary life insurance today, he'd have to pay out 22% of his yearly take-home pay. That's a steep figure for anybody. His company can't take over the whole load for him, but it can give him plenty of help.

Group insurance is one answer, say Lasser and Casey. It costs the company a good deal less than a salary boost would. And it gives the executive plenty of insurance coverage at a comparatively low cost to himself.

More specifically, here's how the advantages work: The company puts the executive in a group life insurance plan, pays all or part of his premium for him. The company can use the cost of the premium as a tax deduction.

The executive, on the other hand, pays no tax on the premium paid on his policy by the company. If, instead of paying his premiums for him, the company gave him an equivalent boost in salary so that he could buy his own insurance, he'd pay tax on that boost. On top of that, group insurance is a good deal cheaper than an individual policy would be.

Insurance companies have raised their limits of individual coverage in group insurance policies. The limit is now \$100,000. Split deals—policies taken out with two insurance companies—hike coverage to \$150,000 for each individual.

MANAGEMENT BRIEFS

College recruiting by companies is going to be just about as mad a scramble this year as it was last. The National Industrial Conference Board says (1) colleges are going to graduate fewer people and (2) more companies are going to be seeking graduates.

• **Grand Union Co.**, the big food chain, turned over its top executive and managerial posts to about 600 clerks for a one-day try at running the company. The clerks were elected by fellow employees as being most likely to succeed.

• An "interne plan" for its executive development program has been started by Consolidated Vultee Aircraft Corp. Younger management men will be asked to sit in on executive committee meetings to see how decisions are made. They'll also get special assignments from the committee.

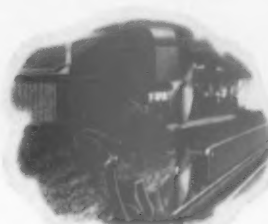


Remarkable development by B-W's ATKINS SAW keeps saw cool, blows away sawdust, speeds lumber production, permits sawing frozen logs!

In cutting logs and edging lumber, circular saws run at terrific rim speed causing excessive heat. This in turn causes tension changes of the blade, and results in poor quality of lumber, slows production, increases downtime for hammering and tensioning, shortens the life of the saw.

Now Borg-Warner's Atkins Saw Division research has developed this revolutionary inserted tooth saw with stabilizing holes.* This "air conditioning" of both rim and body blows away sawdust, relieves rim strain, keeps shoulders straight, keeps bits in true alignment. The saw runs cool, holds tension longer, cuts more uniformly, increases production. Even permits winter cutting of frozen logs without snaking or dust freezing.

Proved in every type sawmill, this new Atkins saw exemplifies Borg-Warner's "design it better—make it better" policy. It is another typical example of how—



Saws through frozen logs!



For large or small mills!



*Patented

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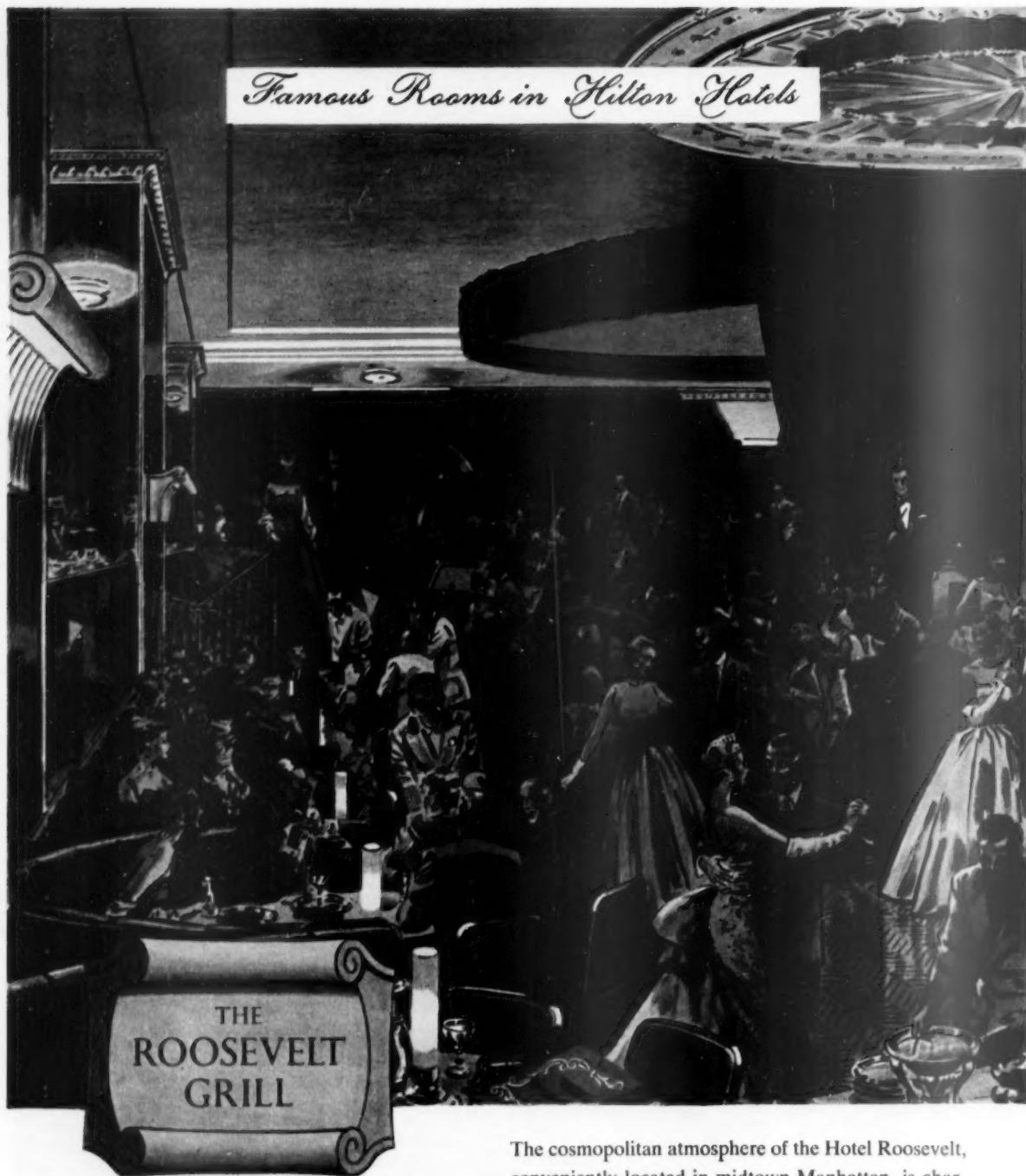
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Conrad N. Hilton, President

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DEALERS cluster at the rail of the auction hall waiting for new boatloads of fish to go up for sale.

a Storehouse

(Story continued on page 86)



BASKETS of fish (left) are dumped onto scales to be weighed in 500-lb. lots. Dealer (right) steps through window that has been



a main throughfare since pier was built in 1914. Industry, tradition-bound, has never thought of cutting through a real door.

THE MARTS

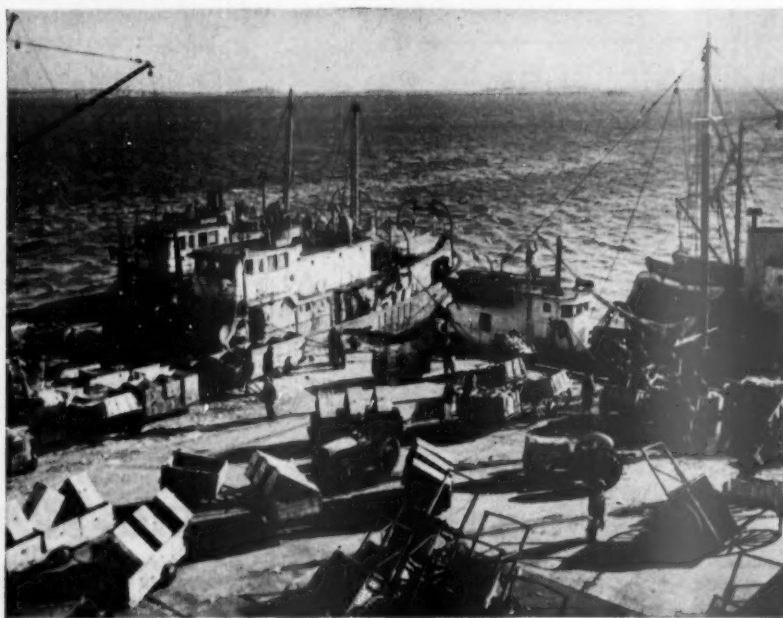


FISH, 179-million lb. of them, were landed, sold, and processed last year on Boston's huge Fish Pier.

Boston Fish Pier: a Dock, a Market, and



CATCH of each boat is listed in detail on the auction-hall blackboard.



CARTS, hand-drawn and tractor-drawn, carry fish from the dockside to the dealers' "stores"—the pier buildings where the fish are processed and packaged.



PACKAGING has progressed from barrel, to large tin, to handy individual box.



slot, head and bones (called gurry) down another. Time: about 4 sec.



FISH PIER juts out 1,200 ft., serves as dock, market, and warehouse.

Changes Grudgingly

(Story begins on page 84)

the 275-million lb. of 1939. Americans, by and large, just aren't fish-eaters. Annual per capita consumption is a reluctant 11 lb., compared to Japan's 55 lb., and Britain's 35 lb.

• **By Value**—Boston has the biggest stake in the consumer's attitude toward fish, for the port handles a much greater value of fish than Gloucester, New Bedford, or Portland. These four ports together land about two-thirds of the whole fish poundage landed in New England. In turn, New England accounts for 80% of the total U.S. output of fresh and frozen packaged fish.

Noneaters aren't the only worry of

Boston and the other U.S. fishing centers. Other nations, frequently using much more modern equipment, have invaded the market with startling results. In 1939 imports of fresh and frozen groundfish fillets totaled 9-million lb. For the 11 months ended last November they went over 103-million lb.

• **Slow Changes**—To some extent these pressures—along with higher costs and dwindling catches—are bringing a shift in the New England fishing industry. It is moving away from fish production and toward processing and distribution. But changes come slowly in this oldest

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To move



To market



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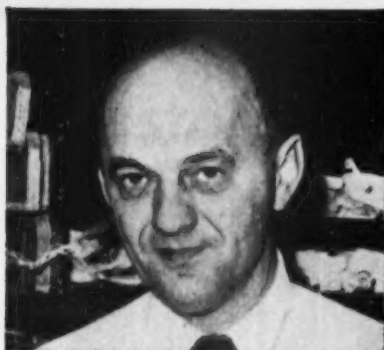
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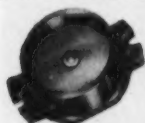


**Manager of Sealed Unit Service Co.
Praises KLIXON Protectors**

MELROSE PARK, ILL.: Mr. Edmund H. Jaske, Manager of the Sealed Unit Service Co., Division of Service Parts Co., a large refrigeration repair and hermetic unit rebuilding company in the midwest, appreciates the motor burnout protection KLIXON Protectors provide.

"It takes an intimate knowledge of refrigeration service problems to realize what an important factor KLIXON motor protectors play in saving the public from major repairs caused by motor burnouts."

The KLIXON Protector, illustrated, is built into the motor by the motor manufacturer. In such equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burnouts. If you would like increased customer preference, reduced service calls and minimized repairs and replacements, it will pay you well to ask for equipment with KLIXON Protectors.



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FILLETING and scaling are done by skilled hands at the dockside.



ASSEMBLY LINE. Cutters grab fish off conveyor belt, fillet it, drop fillet down one

Fish Market

The nearest thing to a focal point in the shambling, tradition-bound, dwindling U.S. fishing industry is Boston's huge Fish Pier (pictures).

All the fish that enter the port of Boston—the largest catch handled by any U.S. port in terms of dollar value—come to the Fish Pier, which juts out 1,200 ft. into South Bay. There, amid the screaming of gulls and a reek of fish, the catch is unloaded, sold, processed, packaged, frozen, stored, and shipped.

Across the pier's concrete aprons, 179-million lb. of fish moved last year. That's a lot of fish, but it is far less than

trailers that haul fish from the boats.

• **Auctions**—The working day starts early. At 7:45 a.m. three whistle blasts announce the opening of the auction. Buyers cluster around the rail to make their bids. "Commission men," representing the boat owners, put the day's "hail" up for sale—species by species and boat by boat.

The hail is the boat captain's statement of what kinds of fish he has aboard, and how many pounds of each. The word stems from the days when dealers used to row down-harbor to meet the boats, hailing them to ask what they had aboard. Nowadays the hail is listed on blackboards—one for trawlers, one for draggers, and one for "hookers" (small boats that fish inshore with hand lines).

Fish from the hookers and draggers bring higher prices, because they are fresher. The boats stay out only two or three days, compared to the trawler's minimum of a week in summer and up to 16 days in winter.

As much as 1-million lb. of fish may change hands in half an hour's trading. Prices are quoted in dollars per hundred-weight (or pennies per pound) but lots are usually in thousands of pounds. The haddock portion of a boat's catch is usually sold in quarters, or "scales," other species in one lot.

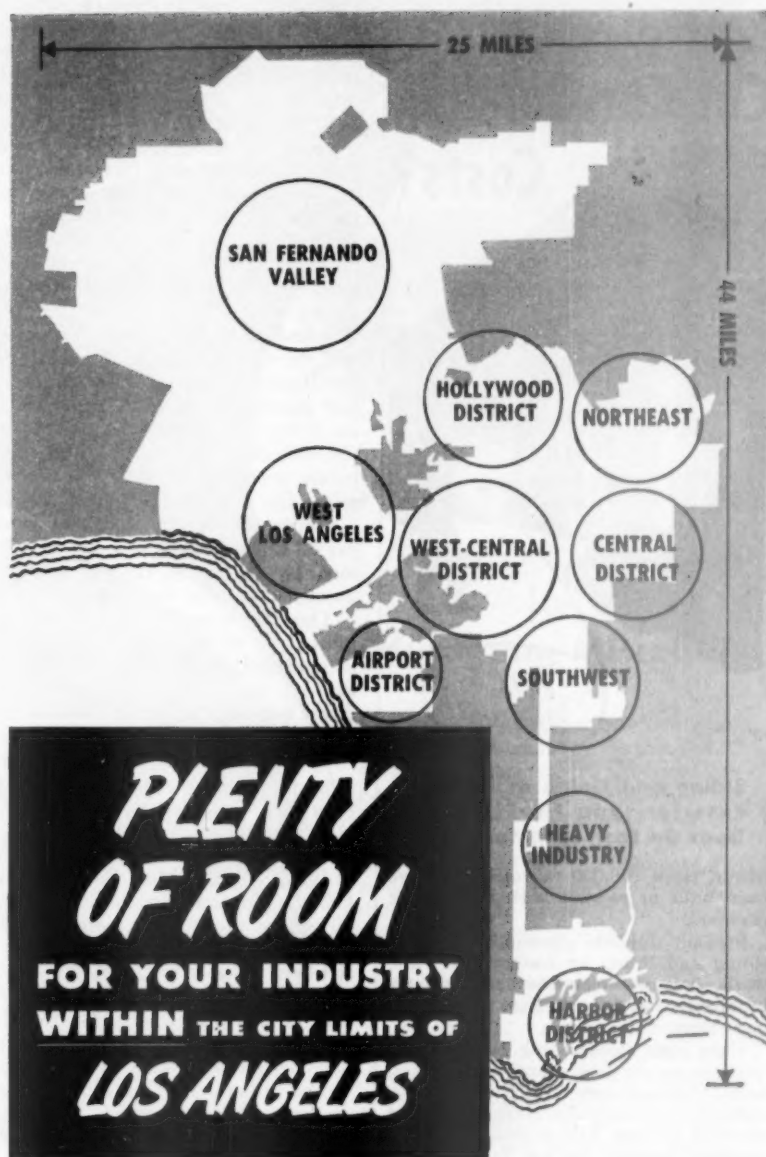
• **"Lumpers"**—Sales are sight unseen. The fish stay in the hold until the buyer comes with his carts to the dockside. Then "lumpers," the fish industry version of stevedores, man the winches and start forking out baskets of fish to be weighed in 500-lb. lots and then trundled to the dealer's store.

All fish are sold as first quality. Inevitably one or two buyers find that they have bought fish of poorer quality. If an exchange official approves the protest, there is a "sellover." The whistle summons buyers to the hall. Lower bids are made on the contested lot.

Sellovers happen almost every day, a constant irritant for dealers and fishermen. To fishermen, it means less money; they suspect dealers of calling for sellovers that aren't really warranted.

• **Shares System**—Labor-management relations on the pier are complicated by the fact that fishermen are in business just as much as the boat owners. For generations all New England fishermen have been paid in shares of the value of the catch.

This system is known as the "lay." Certain expenses, shared jointly by owner and crew, are first deducted from the gross value, or "stock," of the catch. This includes ice for the trip, wharfage, and the pay of the chief engineer, second engineer, and mate. The remainder is then divided between fishermen and owner, in a ratio that, since 1939, has been determined by collective bargaining between the Atlantic



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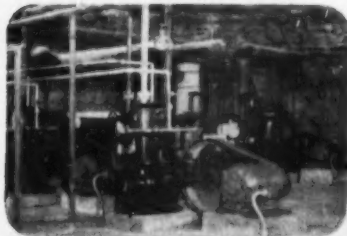
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HUGE NATURAL STORAGE INSTALLS REFRIGERATION THROUGHOUT



Two of the 28 Frick air units which cool 2,428,875 cubic feet of storage space at Coldspur.



Three of the four Frick ammonia compressors used by the Natural Storage Co., Coldspur, Kan.

Nearly two and a half million cubic feet of refrigerated space in this former limestone quarry at Coldspur, Kansas, are held at temperatures between -10 and +40 degrees by four Frick compressors and 28 Frick air cooling units.

Thus another important plant is added to the list of cold storages that have selected Frick refrigeration equipment for its dependability and economy.

For competent assistance on air conditioning, process work, cold storage, ice making, quick-freezing, or other refrigeration projects, get in touch with your nearest Frick Branch or Distributor. They're in principal cities everywhere.

DEPENDABLE REFRIGERATION SINCE 1882
Frick Co.
WAYNESBORO, PENNA. U.S.A.
Also Builders of Power Farming and Sawmill Machinery

of American industries, which owes its existence to the fact that 260,000 sq. mi. of the world's most prolific fishing grounds lie just off the coast.

About 80 species of edible fish live close to the bottom on the continental shelf extending 1,000 mi. from Newfoundland to Long Island. Seven species of these groundfish make up the bulk of the New England catch—haddock, redfish, flounder, cod, whiting, pollock, and hake.

The more reliable groundfish can be caught at all seasons. They are taken from the ocean floor by huge conical nets, dragged by large steel trawlers, or by smaller wooden dragnets. Most of the trawlers operate out of Boston, based on the Fish Pier, which was built in 1914 by the state government, which delegated the leasing and maintenance of the property to the Boston Fish Market Corp.

• The "Freezer"—On the land end of the pier is the six-story, concrete-faced Commonwealth Ice & Cold Storage Co. This plant, known as "the Freezer," makes ice to cool the holds of the fishing boats and to pack fresh fish on the pier. It also has deep-freeze storage space for 18-million lb. of fish.

On both sides of the pier are long banks of three-story buildings that house the "stores" where dealers process and package their fish. At present, 33 dealers occupy space; each store is labeled with a conventional blue and white nameplate.

Store fronts look the same, but what goes on inside varies widely. Some stores are occupied by typical fishmongers—little operators who buy in the morning, pack whole fish (or "fish in the round") in barrels while they're peddling their wares by telephone, and wind up at night with no inventory, if they're lucky.

Other dealers have invested heavily in the producing end, owning a fleet of small boats, or dragnets, and perhaps one large trawler. They sell most of their catch to other dealers for packaging and distribution.

• Integration—Finally, there is a growing group of fully integrated companies that fish with their own trawlers, fillet, pack, freeze, and store their own catch, and sell through their own distribution network.

Local food chains also have stores. They do no fishing, but handle some of their own processing, and buy widely from other dealers.

Capping the outer end of the pier is the administration building, headquarters of the New England Fish Exchange. All fish landed at the pier are sold through this auction market.

Around the administration building and along the water sides of the stores are wide concrete aprons that carry the hand-drawn and tractor-drawn carts and

AT YOUR END OF THE
COAL CHEMICAL PIPELINE . . .



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Magic Bullets
for
Murdering Microbes

Coal chemicals are the steadfast allies of the medical scientist in his uphill conquest of disease. Pyridine, for example, is vital in the manufacture of sulfa drugs. And gamma-picoline, another valuable Pittsburgh coal chemical, is the source of isonicotinic acid hydrazide, the drug which has shown bright promise in the experimental treatment of tuberculosis in recent months.

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Benzene meta, para-Cresol ortho-Cresol
Naphthalene Phenol Phthalic Anhydride
alpha-Picoline beta, gamma-Picoline
Isonicotinic Acid
Pyridine Sodium Cyanide
Toluene Xylene Xylenol

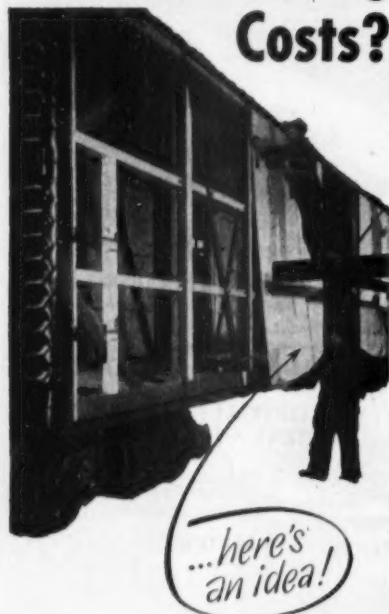


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EXT-DFPA

THERE'S A TYPE AND GRADE FOR EVERY USE

Fishermen's Union, affiliated with the Seafarers International Union (AFL), and the Federated Fishing Boat Owners of New England & New York. The current ratio is 60% to the fishermen, 40% to the owners.

From the fishermen's 60% are deducted expenses for fuel, lubricating oil, provisions, cook's pay, water, and the fee for lumpers. What's left is divided evenly among all members of the crew, including the captain. The latter also gets 10% of the owner's share.

• **Take-Home**—The crews do pretty well in take-home pay. A survey by the Bureau of Labor Statistics showed that Boston fishermen averaged \$4,700 in 1951. This figure included cooks (\$4,000) and captains (\$12,000). Deck hands averaged \$4,368. In the war years, the take ran as high as \$8,000.

Under the Boston lay, the owners pay all expenses plus \$5 a day to fishermen for up to 10 days if a trip is unsatisfactory due to breakdown.

The Boston market is unusual in that most of its 45 large trawlers are owned or managed by dealers. These trawlers account for 85% of all fish landed. These fish are sold through the auction, and in the bidding the owner-dealers have mixed motives: As owners, they want to get as much as they can for their catch; as dealers, they want to buy fish as cheaply as possible.

The dealer dominates, to the distress of his fishermen. Most Boston fish are filleted, a process that nets only about 40% clear meat; the remainder, called "gurry," is ground into cat food or fertilizer. For every cent the dealer can pare off the cost of a pound of raw fish, he can save 2½¢ in fillet production. But pressing down costs doesn't help his relations with his fishermen.

The Fishermen's Union and the dealers have a stormy record. They clash both as employees and employers and as sellers and buyers. Negotiation of three contracts between 1939 and 1946 cost a total loss of 13 months' fishing time.

• **Scarcities**—Labor trouble isn't the New England fishing industry's only woe; a shortage of raw material is beginning to plague it, boosting costs. For Boston, the trouble is a scarcity of haddock, which has driven the trawlers farther afield than the once favorite and nearby Georges Bank. The industry is just beginning to try conservation practices after years of waste including the overfishing of scrod (baby haddock). On Mar. 15, an international regulation goes into effect controlling net mesh size to permit baby fish to pass through and live to spawn another day.

The industry has also been slow to catch up on improved fishing techniques. Generally, nothing is done until foreign competition forces it. Two

techniques, now being developed abroad, are:

• **Electro-narcosis**, a German system for shocking fish into submission. It permits fishing at higher levels thus avoiding the tearing of nets on the bottom. That last is the bane of the maximum-depth trawling, which the New Englanders adopted from Britain in 1906 and have clung to ever since.

• **Freezing fish at sea**. If floating deep-freeze becomes practicable it will mean longer trips, the salvaging of much more fish waste, and an end to forking—the pitchforking in handling which damages so much of the catch.

• **Marketing**—It's in the field of marketing techniques that the industry could probably do itself the most good. The idea is to make fish an everyday item of diet, month in and month out. The seasonal roller coaster now is a dizzy one. Curing that tendency would take a more attractive product, lower prices, and big promotion campaigns.

The industry has been moving, but slowly, in this direction for years. In the early 1920s, the bulk of output was shifted to fresh fillets, slices easily handled by the housewife. Frozen fish came in the 1930s, off to an early start because Clarence Birdseye, pioneer of the frozen food process, happened to live in Gloucester and did his experimenting with the abundant food.

The first packages of frozen fillets were unhandy 20-pounders; by mid-1930s they were down to 5 lb. and 10 lb.; today they feature the popular 1-lb. "consumer pack."

Precooking is a new technique that may add a lot of consumer interest. This week New England is blanketed with newspaper ads for precooked frozen fish fillets put out by Boston's Fulham Bros., Inc. "It couldn't be fresher if we docked our boat at your door," says Fulham. "Just heat and serve." General Foods' Birds Eye Division and A&P in Boston, along with Gorton-Pew in Gloucester are likely to follow suit.

• **Markups**—The industry is noted for heavy markups. Dealers typically aim for a 10%-20% gross profit on fillets. Wholesalers shoot at 30%-40%, retailers tack on margins of 50% to 100%. These margins evolved when fish was sold fresh, with heavy perishability risks. Frozen fish has cut the risk, but not the markups.

Frozen fish now makes up 65% of the Boston output. It's distributed on a national basis, with the pier also serving as a relay point for the catch from other ports. The 35% sold fresh is limited to a 500-mi. radius around Boston. In either case, most of it goes to wholesalers and the local distribution points of the big chains. A small percentage is trucked directly to retailers, mostly in metropolitan Boston.

...Most of the Power Is a Long Way
from Most of the Demand...



...So Federal Development Has
Been the Big Thing

Figures in thousands

| Puget Sound | | | Kootenai | | |
|----------------------|-----------|--------------|-------------------------|---------|--------------|
| KW Existing | Fed. None | Non Fed. 976 | KW Existing | Fed. 37 | Non Fed. 162 |
| KW Being Built | None | None | KW Being Built | 291 | 316 |
| Columbia | | | Snake | | |
| KW Existing | Fed. 2486 | Non Fed. 478 | KW Existing | Fed. 50 | Non Fed. 474 |
| KW Being Built | 3224 | 193 | KW Being Built | 114 | None |
| KW Existing | Fed. None | Non Fed. 290 | | | |
| KW Being Built | 247 | 61 | | | |
| Total Federal...6449 | | | Total NonFederal...2950 | | |

in Harness?

kilowatts—just a bit under one-half of the total installed capacity of all U.S. power plants. Its potential has been developed steadily since the Bonneville Power Administration got to work in 1937.

In spite of this, there have been annual power shortages or threats of shortages since World War II boomed aluminum refining. The mandatory cut in consumption this winter brought on by low rainfall only served to emphasize the growing seriousness of the situation. For the past few years, all major utilities

in the shortage area have agreed not to accept any new industrial customers who would be heavy users of electricity.

The heavy rainfall that ended the power rationing about the middle of last month does not change the fact that the region has yet to find an adequate way to develop its most important natural resource.

• **Geography Factor**—Conditions are far from uniform throughout the region. One of the most important points of difference is that the power isn't where the demand is. Most of the major

There's a difference
in gas heaters

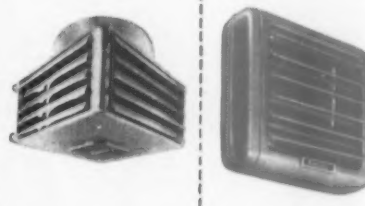


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The Carrier Gas-fired Unit Heater, in 7 sizes, from 70,000 Btu's, is AGA approved for all types of gas. Propeller-fan type (above) or duct type.



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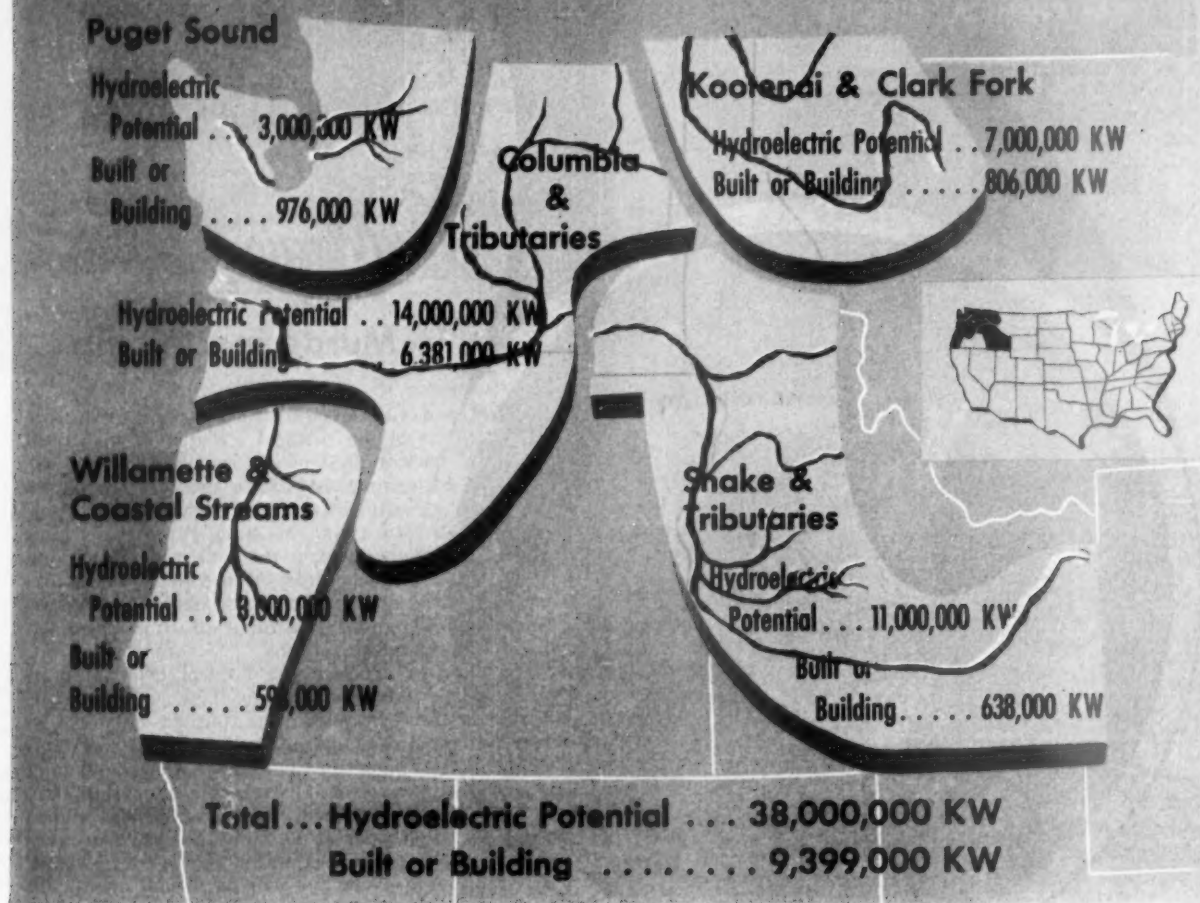
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REGIONS

Here's an Area with Tremendous Cheap Power...

Pacific Northwest River Basins



Who Will Get Northwest's Power

Ever since the war, the Pacific Northwest, with the greatest hydroelectric power potential in the nation, has been struggling with increasing power shortages. Conditions got so bad this winter that all major users of power in the region were forced to cut their consumption by 10% for almost two months.

• **No Letup**—That situation is now ended. But the region's power problems are not. In fact, if anything, they're getting worse. Here's the lineup:

• At the moment, power supply is

barely adequate to satisfy demand. This close balance, which has been maintained for about the past three years, has meant that the region has had to discourage the establishment of new power-fed industry.

• There's a tremendous amount of capacity now being built. When it's finished, about 1960, the region's power supply will be just about doubled. Yet the expected normal growth of the region plus the building of a few new industrial plants already planned are expected to gobble all this up and leave

the region just as power-short in 1960 as it is today.

• The federal government has been chiefly responsible for the development of the Northwest's power so far. But with the new Administration in Washington, there's bound to be a change away from federal emphasis. What form will future development take?

I. Actual and Potential

The Northwest's hydroelectric power potential adds up to some 38-million

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East Hartford, Connecticut

centers of population—and of power demand—are along the Pacific Coast, west of the Cascade Range (map, page 92). But most of the power is along the Columbia River and its major tributaries, east of the range. So transmission of power to where it's needed is a major problem—and a major expense factor.

That problem is going to get worse. The biggest reservoirs of undeveloped power are the easternmost tributaries of the Columbia.

II. Washington's Show

Development of Columbia River power thus far has been largely the work of the federal government. It built and operates the big dams, such as Bonneville and Grand Coulee. It is building the dams now under construction—Hungry Horse, McNary, The Dalles, Chief Joseph. With minor exceptions, the transmission lines that carry power from one end of the region to the other are those of the federal government. At the moment, 52% of all the hydroelectric capacity in the entire region is federal. When current building is finished, that figure will be 69%.

• **Luring Industry**—Development of Columbia River power has been the major factor in the rapid industrialization of the Northwest. The Bonneville Power Administration has actively sought new industrial customers. The Seattle and Tacoma municipal utilities—both integrated systems that generate most of their power from their own dams—have campaigned for new industries. So have some of the other utilities, both private and public, which buy most of their power from BPA.

• **Switching Signals**—But most of this development work has been curtailed in the past few years by the power shortage. This forced curtailment, plus the recent rationing, has led to a lot of bitterness and name-calling. Most often, the finger is pointed at BPA for having oversold its power. The fact is that BPA has signed firm contracts on the assumption of normal stream flow. If stream flow had been normal this winter, there would have been no necessity for rationing.

Many in the district, looking at the problem from a somewhat wider and longer-range viewpoint, are inclined to put the basic blame on the system that requires annual appropriation from Congress, not only for new construction but even to carry forward work on projects already approved and under way. It takes 6 to 10 years to build one of the big dams, so plans must be made a long time in advance. But even a single year in which Congress is economy-minded can throw plans way off schedule. One such year was 1946, when Congress threw out all appropriations asked by BPA for construction. By

navigation, irrigation, protection of fisheries in these important salmon waters?

• **Storage**—Perhaps the most important of these collateral problems is the question of upstream storage of water. Storage reservoirs in Montana and Idaho are a key to the hydroelectric future of the region. The reason is that they would even out peaks and valleys in stream flow, would permit the sale of a greater proportion of the power as firm power, and would help prevent power shortages.

But upstream storage requires a lot of land. And residents and towns in the upstream areas are understandably opposed to having their land flooded for what they conceive to be the benefit of people 300 mi. to 500 mi. away.

• **Proposals**—With the change in administration, the New Deal's projected solution to the area's problems—a Columbia Valley Authority—is not even being considered now. But several proposals are being actively discussed in the area.

One that seems to have considerable possibilities is for the utility members of the power pool to form a corporation, which would issue revenue bonds to finance the new construction needed—and possibly even a takeover of existing federal facilities.

Another proposed solution is to keep BPA in existence and give it the power to issue revenue bonds. Projects would still have to be authorized by Congress. But once they were, BPA could start construction whenever, in its judgment, the need was present—without going to Congress for money every year.

Still a third proposal—put forward by BPA administrator Paul Raver—would set up an interstate agency operated by the states themselves. Congress would continue to authorize dams and to handle irrigation and other nonpower aspects. But the agency would decide when to build and how to finance, and would operate both existing and new facilities.

• **Outlook**—In any case, the Northwest is convinced that there must be a strong central agency to accept the responsibility of generating the major part of the power needed by the region. And there is strong local feeling that the region ought to be able to handle this development itself.

It's also certain that nothing is going to be done overnight. The present setup will be continued by mutual agreement for at least the next two to four years. Meanwhile, alternative methods are being discussed, planned, and tested on Congress and the state legislatures. In this process, it's quite possible that Congressional appropriations will slow down some, which could easily cause an even more serious power pinch six or eight years hence.



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Over ten thousand agents . . . there's one in your community.
Consult him as you would your doctor or lawyer.

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throwing construction way off schedule, that action contributed to the conditions that made possible this winter's power shortage.

Practically everyone in the region is convinced that the present system of annual Congressional appropriations is almost bound to keep the region in a perpetual power shortage. The question is: What sort of system should replace it?

III. What Now?

The many proposals for an alternative setup indicate less cleavage between the ideas of BPA and the private power men than you would expect. Actually, over the years the federal and private utility men have got used to working together; they've had to.

For one thing, all the major generating facilities in the region are hooked together into the Northwest Power Pool. This saves substantial money for everybody concerned, because it means that each individual plant needs far less reserve capacity than it would if it were on its own; unexpectedly heavy loads can be met by drawing on the pool. In all the arguments about federal vs. nonfederal power, no one questions the operation of the pool; it has been highly successful.

• **United Front**—In the past few years, cooperation among members of the pool has extended even further. Since the war, the threat of power shortage has been so imminent, and the need for a continued increase in generation facilities so obvious, that most of the major nonfederal utilities in the region have joined with BPA each year to present a united front before Congress.

However, the major private companies in the eastern end of the region—Idaho Power Co. and Montana Power Co.—which have been fighting many of BPA's plans in this area tooth and nail, have definitely not gone along with the united front, although they are active members of the power pool.

But all power people in the area are agreed that the long-range solution to the problem now facing the area must be worked out cooperatively and without bitterness. They all realize that any basic fight among them would be bound to delay Congressional appropriations and assure far worse shortages in future years.

• **Collateral Questions**—Any effective solution will have to go far beyond the basic question of who will build the new dams and transmission facilities, and how they will be financed. Among the other important factors: Will BPA continue to operate its present facilities? If not, who will take them over, and how will the transfer be financed? Who would be responsible for the non-power aspects, such as flood control,



LAST TRAIN to leave Philadelphia's old Broad Street Station was piped out by conductor Eugene Ormandy's orchestra, as Pennsylvania RR succumbed to pleas to demolish . . .



CHINESE WALL, which for more than half a century had stunted the city's natural development by dividing the business section. Merchants showed little nostalgia as . . .

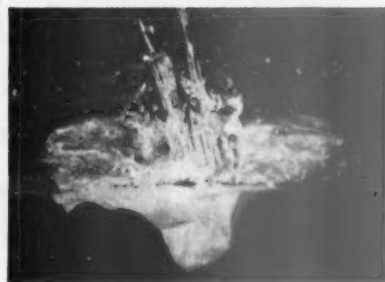


WRECKING CREW crept along, leaving a 22-acre hole in the center of the city.

Its Chinese Wall

(Story continues on page 100)

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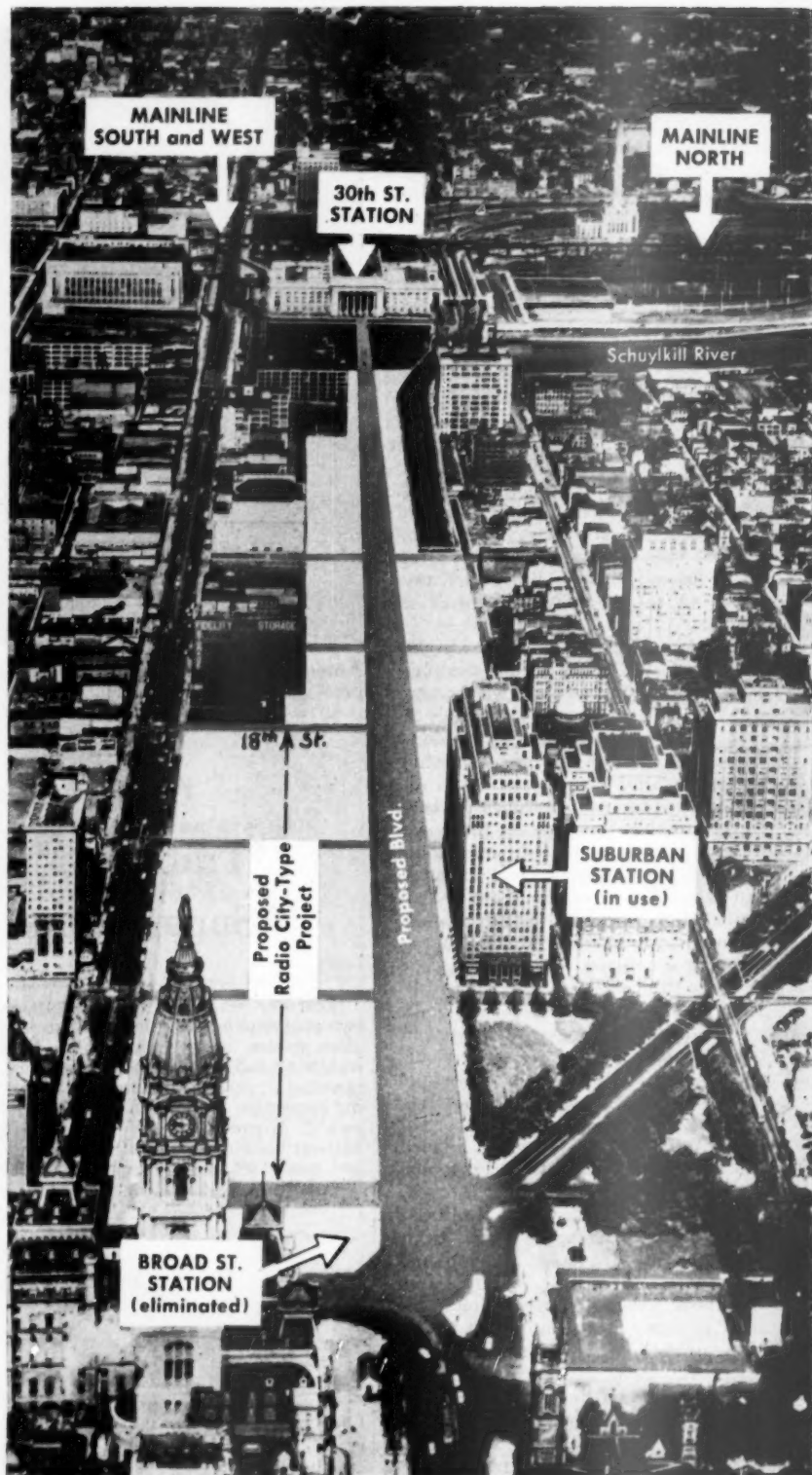
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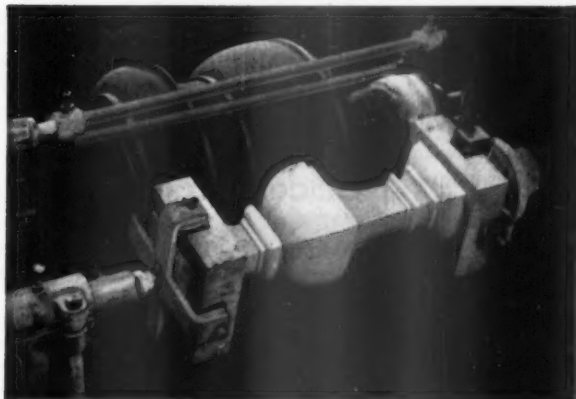
Philadelphia Tears Down

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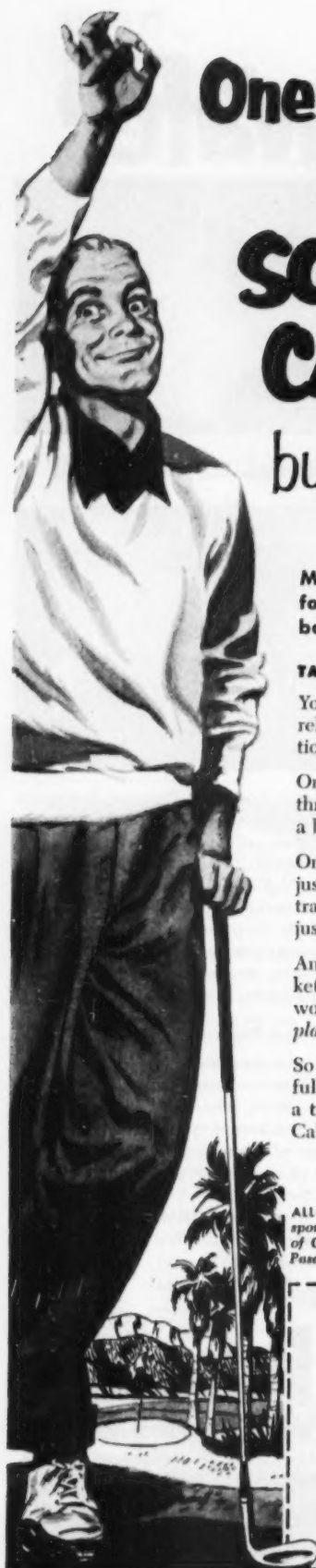
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**"... the wall divided the
business section of Phila-
delphia in two ..."**

CHINESE WALL starts on p. 98

About 70 years ago, the Pennsylvania Railroad thought it was doing Philadelphia a favor by bringing a T-shaped spur from its mainline right into a station in the heart of the city. The city's merchants, however, were soon saying that instead of being a blessing, Pennsy's spur was a blight on a big chunk of valuable midtown property.

Last April Pennsy finally placated the merchants by starting demolition of the old Broad St. station and the rampart that carried in the tracks from the mainline. Now the city is buzzing with ideas for using the 22-acre hole that will be created in the center of the business section. Most of the plans hinge on whether or not the city will come through on its part of the deal—to build a boulevard out to the Schuylkill River. From there, the state would build a bridge over the river.

• **Another Radio City**—The latest proposal is the multimillion-dollar development of a business, shopping, and hotel center—patterned along the lines of New York's Radio City. Robert W. Dowling, New York real estate developer who fathered the idea, sees the project as six skyscrapers surrounding the "world's most beautiful boulevard."

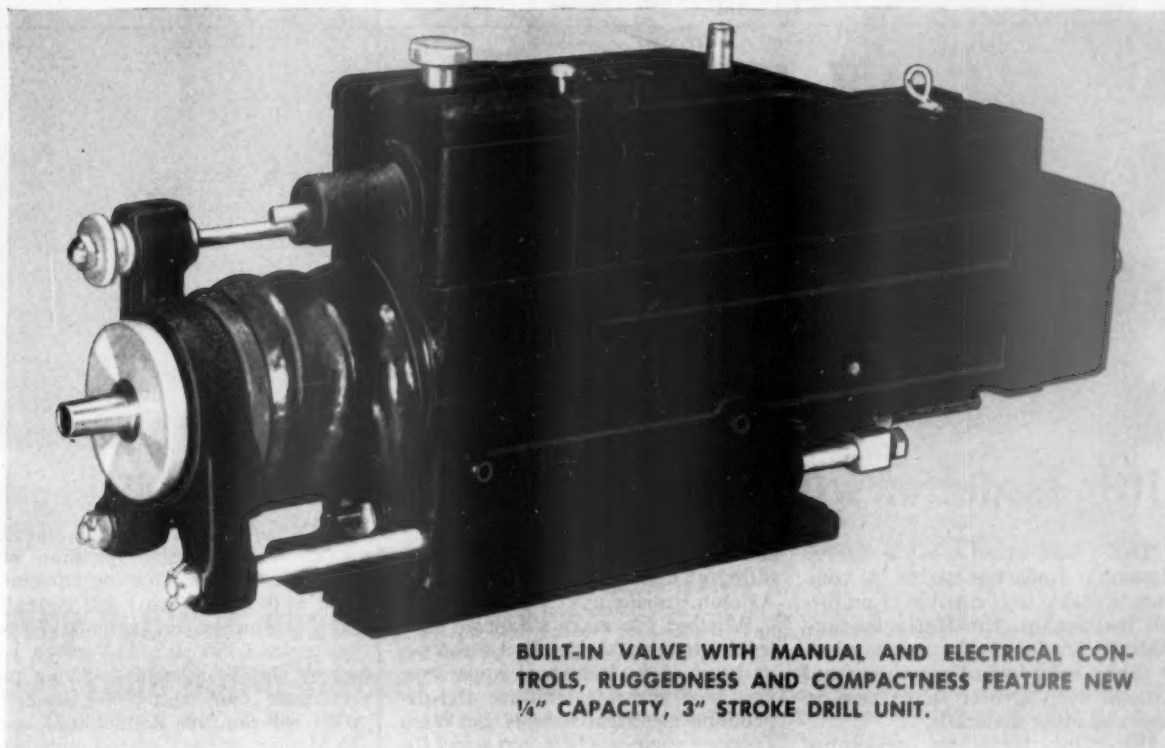
Pennsylvania Railroad, which owns the 22-acre site, says that while there is no deal at present, Dowling's plan is very attractive. The project would cover four city blocks between Broad and 18th streets, and would be set around a 1,000-ft.-long esplanade of trees, gardens, and fountains. Under Dowling's plan, Pennsy would retain possession of the land, but the buildings would be sold or leased to a corporation set up to run the center.

• **Old Feud**—Pennsy's decision to remove the old station and the rampart marks the end of a half-century of feuding. The wall—which long ago acquired the name "Chinese Wall"—ran along Market St. from 15th to 18th streets, then serpentine around in back of the large buildings that face Market St., cutting the business section in two. Every cross street tunneled beneath the wall, and even on a bright sunny day the passes were dank and smelly—so dark that a motorist had to turn on his lights.

The surrounding property deteriorated, and the area around was taken over by used-furniture stores, soft drink stands, tap rooms, and penny arcades.

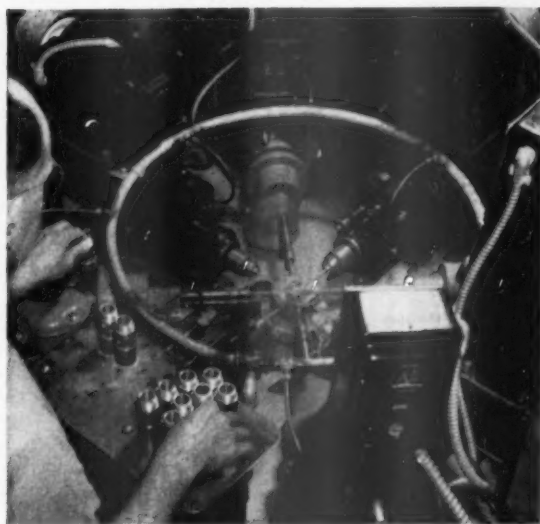
Along about 1923, the railroad began to listen to the businessmen—after one of Philadelphia's worst fires destroyed

BELLOWS-LOCKE DRILL UNIT COMBINES HYDRAULIC FEED, AIR-POWERED TRAVERSE, ELECTRICALLY DRIVEN SPINDLE



BUILT-IN VALVE WITH MANUAL AND ELECTRICAL CONTROLS, RUGGEDNESS AND COMPACTNESS FEATURE NEW $\frac{1}{4}$ " CAPACITY, 3" STROKE DRILL UNIT.

PRECISION adjustable hydraulic controlled feed rate, coupled with rapid air-powered advance and retract, and a full 3" drilling stroke, make the Bellows-Locke Drill Unit an important component in tool-room-built special purpose machines. Feed rate is infinitely adjustable from 0" per minute up to the maximum speed of the air-powered movement as determined by the air line pressure used.



This special purpose machine at The Perry-Fay Co., Elyria, Ohio, uses 8 Bellows-Locke Drill Units to drill twelve $\frac{7}{32}$ " holes in less than 1-1/2 seconds.

The Bellows-Locke Drill Unit can be mounted horizontally, vertically, or at any angle. Its small size (21-1/16" long by 3 1/4" wide by 7-11/16" high) lends itself to space saving design. Used with a 1750 RPM motor, spindle speed range is adjustable from 690 to 4630 RPM through the Bellows Speed-Selector Pulley. (Motor and Speed Selector Pulley are optional.)

As standard, the unit is equipped with built-in directional air valve with built-in solenoid, as well as manual start and stop controls. It is available with optional electric controls to provide deep hole drilling with automatic drill cleaning, or time controlled dwell. The Bellows-Locke Drill Unit can be factory equipped with any standard tapping head.

The Bellows Co.

AKRON, OHIO

See your local Bellows Field Engineer or write direct for a copy of the Bellows-Locke Bulletin. Address Dept. BW-253, The Bellows Co., Akron, Ohio. In Canada: Bellows Pneumatic Devices of Canada, Ltd., 4972 Dundas St. W., Toronto 18, Ontario.

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The easy-opening wrap is but one of many packaging innovations which have resulted from studies made by our Engineering and Designing Department. And the machines we build cover not only the wrapping of individual items, but bundling machines, bag-making-and-filling equipment, carton forming machines, etc. In short, PACKAGE offers you not only the know-how that leads to new and better forms of packaging, but machines that insure LOWEST COST.

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MACHINERY COMPANY
WRAPPING DIVISION
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NEW YORK CHICAGO BOSTON CLEVELAND ATLANTA DALLAS DENVER
LOS ANGELES SAN FRANCISCO SEATTLE TORONTO MEXICO, D.F.

a huge train shed that was attached to the station. But before the redevelopment project got under way, the depression set in, and the city didn't have the money to go ahead with the boulevard.

Meantime, Pennsy had completed its new main station at 30th and Market streets, as well as its suburban at 16th and Arch streets. Traffic at the old station was falling off, and the road was preparing to switch it all into the new stations. But just then, World War II came along, and Pennsy couldn't get the equipment necessary to place the new tracks to handle the added business at the new stations.

• **Accord**—Finally, last year, the road and city got together. In April, the Pennsy proceeded with its job of demolishing—with the understanding that the city would build what would be the Pennsylvania Blvd., to run on the north side of the old wall out to the Schuylkill River. From there, the state would build a bridge over the river to carry traffic to West Philadelphia.

The contract for demolishing the wall and station was given to McCloskey & Co., which will receive only about \$300,000 for the job. However, as railroad officials point out, McCloskey is salvaging thousands of tons of steel.

• **New Bugs**—Now, with the station practically down and the wreckers expecting to finish the wall job by summer, Pennsy is beginning to wonder if it will be left holding the bag. The city still hasn't O.K.'d the funds to build the boulevard; nor has the state taken even the preliminary steps to build the bridge. Most realtors agree that the boulevard is a "must," if downtown Philadelphia is to be rescued as a business center.

Guide to Local Business

Businessmen seeking regional and local business statistics often bypass their best bet, simply because they are unaware that it exists.

Many colleges and universities throughout the country operate bureaus of business research that publish regular economic statistics for their own areas. Up until this time, there has been no way of knowing which of the many colleges maintain such bureaus. Now the Bureau of Better Business Research of Western Reserve University has compiled a guide to university business research bureaus.

The volume contains a complete, cross-referenced index to all articles still in print dealing with local economic problems and trends.

The book, which is titled *Wilson's Index of Publications by University Bureaus of Business Research*, can be obtained from the Bureau of Business Research, Western Reserve University, Cleveland 6, Ohio.



Why you can count on your home freezer

You can put many dollars' worth of food into your freezer and leave it and never worry about spoilage. Know why you can count on that freezer? The men who engineered it equipped it with Bundyweld Tubing to carry the refrigerant that keeps your food so cold. Bundyweld is leakproof, won't let gas escape. It eliminates all trouble from that source. In fact, Bundyweld's so completely reliable it's the safety standard of the refrigeration industry.

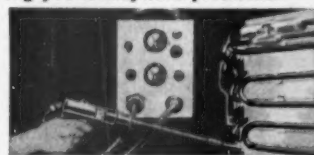
Behind the scenes of your dependable refrigerator, refrigerant cools and preserves food as it circulates through a network of Bundyweld Tubing.

A This is the evaporator of Bundyweld Tubing, where refrigerant picks up heat from inside refrigerator. Food temperature thus stays at low, safe level.

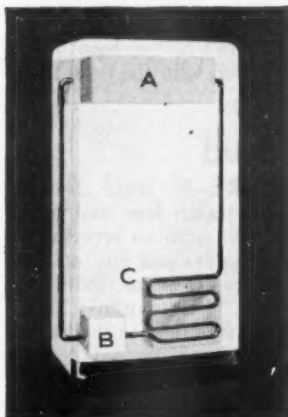
B Hot refrigerant moves down to this compressor, which "squeezes" it, sends it on to condenser unit. Inside compressor are many tubes of leak-proof Bundyweld.

C Condenser of leakproof Bundyweld Tubing releases heat to room air, cools refrigerant, which returns to evaporator. No leaks, no tubing troubles, no spoiled food for you.

Shown here is the world's best nose for leaks, the halogen-vapor leak detector. It accurately sniffs out leaks as small as 1/100 of an ounce a year. Yet it gets nowhere with Bundyweld Tubing. Ample reason why engineers insist on giving you Bundyweld protection.



The new cold shelves in this upright freezer are made by welding wire shelving onto coils of Bundyweld Tubing, which carry refrigerant throughout food compartment. No leaks, no spoiled food from leaks. Bundyweld's on the job—as it has been in millions of refrigerators and freezers for over 20 years.

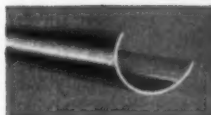


Bundyweld Tubing

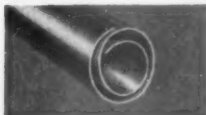
"The lifeline of refrigerators and freezers"

BUNDY TUBING COMPANY • DETROIT 14, MICHIGAN

WHY YOU'RE SAFER WITH BUNDYWELD TUBING



1 Bundyweld Tubing begins as a single strip of thin, copper-coated steel.



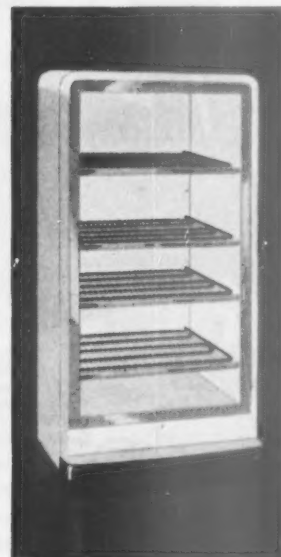
2 We carefully roll the single strip of steel like this, make it into a double-walled tube.

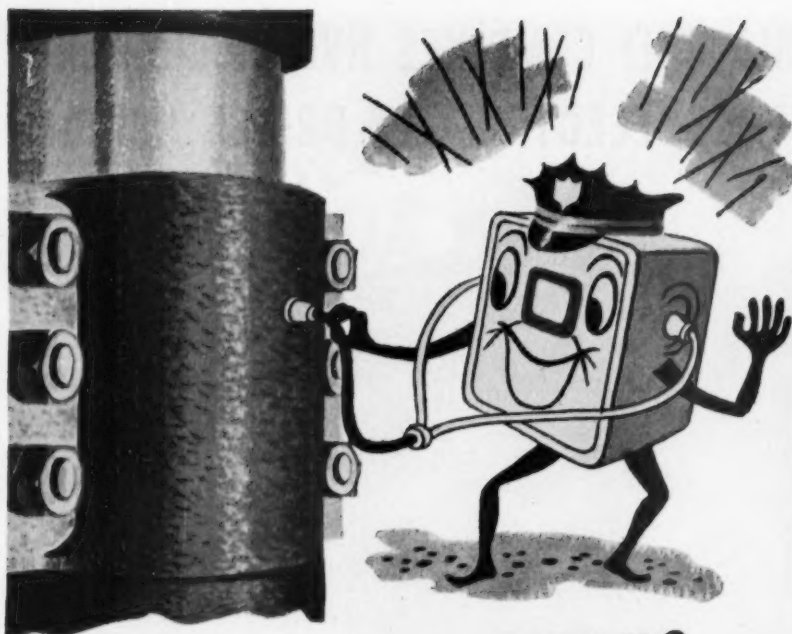


3 We take the rolled-up tube, fire it in a furnace, where the copper bonds with the steel.



4 Result: Bundyweld Tubing, double-walled yet thinner walled, copper-sealed, leakproof.





Little inspector with **TERRIFIC** ears!

• That's just about what a Sperry ultrasonic Reflectoscope is. A compact, portable unit capable of on-the-job inspection, the Reflectoscope "listens" for defects through as much as thirty solid feet of aluminum and through even greater thicknesses in steel and other materials.

Ultrasonic vibrations are introduced into the material under test, travel through it, and bounce back to the Reflectoscope. There they are converted into electrical impulses and projected on the screen of a cathode-ray tube. Defects in the material cause a change in the pattern on the screen which is quickly spotted by the operator.

Many of the circuits in this highly sensitive electronic instrument now include Ward Leonard Axiohm Resistors. Sperry's engineers gave three reasons for specifying these ruggedly built, self-mounting, miniature resistors:

(1) stronger anchorage of the axial lead in Axiohm Resistors, (2) smaller

size of Axiohm Resistors, (3) full watt rating at high resistance values with Axiohm Resistors.

Whether you make a delicate electronic device like the Reflectoscope, or heavy-duty industrial apparatus, you need accurate, uniform and dependable electrical controls. Let Ward Leonard engineers help you select the right ones. Ward Leonard Electric Co., 68 South St., Mt. Vernon, N. Y.



Take-up shaft on giant power shovel receives field maintenance check-up with Sperry Reflectoscope.

**WARD LEONARD
ELECTRIC COMPANY**

Result-**E**ngineered Controls Since 1892



LOCAL BUSINESS



Cleared for a Garage

CHICAGO—This city's Grant Park is hardly recognizable (picture); trees are gone, and earth-moving equipment is at work digging what will eventually be a \$6½-million underground parking garage for 2,350 cars. The garage, largest of several municipal parking projects now being built (BW—Sep. 27 '52, p58), will run from Randolph St. south to Monroe, and will extend underneath nearby Michigan Ave. (at right in picture) as well as the park. Plans are to rip up Michigan Ave. itself some time next month, and to get it back in service by the end of the year. In the meantime, traffic from this main artery will be detoured over a special diversionary road that is now being built.

Land Trouble

CLEVELAND—The Van Sweringen empire fell apart in the depression of the 1930s. The brothers themselves have been dead now for more than 15 years. Yet one of the lawsuits brought about by the collapse of the empire 20 years ago has just been wound up in federal court here.

The Vans are chiefly remembered today as railroad magnates. Actually, though, they preferred to think of themselves primarily as real estate men. In fact, the story is that they got into railroading entirely by accident; they bought the Nickel Plate to get a right of way for a rapid transit line to their then-new residential development, Shaker Heights.

The Vans' dream was to build a swanky suburb east of Cleveland that would stretch some 10 mi. from Shaker



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the cost is not**

Despite the superior performance of silicone rubber when exposed to extremes of temperature, high cost has retarded its extensive use. To ease the cost problem, The Sponge Rubber Products Company makes a *cellular* silicone rubber. For many applications, such as cushioning, insulating, vibration dampening and gasketing, this Spongex silicone rubber can offer substantial savings.

Cellular structure reduces the need for large quantities of expensive silicone and rubber, yet maintains the properties important to users of silicone rubber.

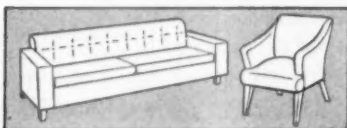
Perhaps you have a product — new or old — that could give better service and be produced at less cost with Spongex cellular silicone rubber. Check with us today; we'll be glad to help.

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CELLULAR PLASTIC

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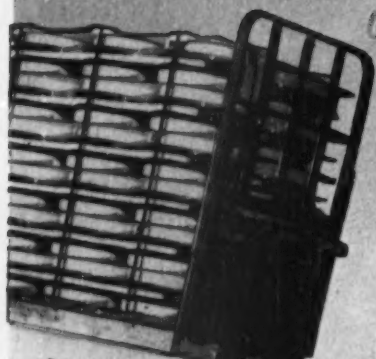
RUG CUSHION

SPONGEX[®] *Cellular Materials*

THE SPONGE RUBBER PRODUCTS COMPANY, 697 Derby Place, Shelton, Connecticut
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CLARK 1953 POWRWORKERS

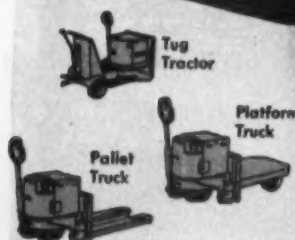
*"Job Engineered" to do a
hundred and one jobs*



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POUND FOR POUND, dollar for dollar, you can't beat the value in **CLARK'S POWRWORKER** Line. You get big-truck benefits at rock-bottom, small-truck cost. Take the **POWRWORKER** stacker, for example: a rugged, modern fork truck, but cut to fit the tighter handling pattern of narrow aisles, low-load floors, limited budgets. Short turning radius, easy finger-tip control and ample power-plant assure fast, safe handling and stacking. Truly big-truck performance in an economical package.

Ask your **CLARK** dealer about the **POWRWORKER** models: stacker, pallet truck, platform truck and tug tractor—"walk 'em or ride 'em." These power-packed time-savers are job-engineered to cut your handling costs in a hundred and one ways. They're built right and priced right to give you top-dollar value.



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AUTHORIZED CLARK INDUSTRIAL TRUCK PARTS AND SERVICE STATIONS IN STRATEGIC LOCATIONS

Square east to the Chagrin River. They began it during the lush 1920s. And the first 4 mi. of it—as far east as Green Rd.—got pretty well started. In the early '30s the Vans laid out highways reaching well to the east from there (and paved some of them), laid out streets, and put in sewer and water mains.

Then the bubble burst. The Vans' empire passed into other hands, all real estate development stopped, grass and weeds grew up over the streets and roads, and taxes began to accumulate on the property. By about 1936 the back taxes totaled some \$3-million, and the county moved to foreclose. But residents of Shaker Heights and other nearby swanky residential suburbs were afraid that sale by foreclosure would void the tight zoning restrictions and deed covenants on the properties. So they got an injunction against any foreclosing, on the grounds that it would injure their own property values.

So the back taxes mounted. By early this year, they came to about \$8-million. Meanwhile, Van Sweringen Co., the company—now controlled by Robert R. Young—that owns the lots, had sold some of its other real estate, including some major downtown-Cleveland commercial buildings (BW—May 29'50,p106). The towns sued to get a slice of that money for their back-tax claims.

That squabble has just been settled. The towns will divide \$3-million in back taxes over the next 10 years. They'll get clear title to some company property, mostly strips along boulevards, un-built streets, etc. They gain the right to foreclose on certain lots, provided present zoning and deed restrictions are not disturbed. Van Sweringen Co. will retain title to the rest, try to sell it (which shouldn't be too hard now), and try to keep up with the taxes from now on.

Transit Feud

BALTIMORE—In these days of mounting local transit fares and often decreasing service, relations between local transit companies and city officials are going from bad to worse. Baltimore is no exception. Last month Charles D. Harris, general counsel to the Public Service Commission, released a preliminary report of a study of local transit service. It was sharply critical of the Baltimore Transit Co.

Last week Douglas M. Pratt, BTC president, issued a blast at the Harris report, calling it "long on opinion and short on facts." He criticized Harris for surveying operations on only three of BTC's 44 lines and then making broad observations about the management's motives, equipment, maintenance, scheduling, public relations, labor



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WE ARE PROUD to announce that one of our customers is executing the official 1953 Presidential Inaugural Medal. The striking of over 10,000 replicas by the Medallion Art Company of New York City marks the return of this commission to private enterprise after many years of government manufacture. Walker Hancock, well-known American sculptor, prepared the original model from which the medal

for General Eisenhower and the replicas were reproduced.

This memorable medal may be obtained for \$3.00 from the Inaugural Committee, 1420 Pennsylvania Avenue N. W., Washington 25, D. C.

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One of the seven competitive advantages which Mississippi offers Southward-looking industry is nearness to the expanding markets of the South and Southwest, which have shown economic gains during the past ten years much greater than the national average. In addition, Mississippi Gulf and river ports afford easy access to the growing markets of Central and South America.

Marquette Cement Manufacturing Company is one of the many nationally-known industries which have located in Mississippi because of this factor and Mississippi's other competitive advantages. This company is producing approximately one million barrels of high quality cement annually in its multi-million dollar plant near Brandon, Mississippi.

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relations, and supervision. And he hit Harris' admission that his "inexperienced staff had neither time nor facilities to examine traffic problems" as "summarily dismissing in advance one of the major causes of transit difficulty."

The Harris report, Pratt concluded, was guilty of "compounding misunderstanding at a time when exactly the opposite is needed."



Old Man River, Jr.

ST. LOUIS—Just above St. Louis, the Mississippi River is plagued with swift currents complicated by extremely bad navigational conditions. The stretch is called the Chain of Rocks, after a series of rock ledges projecting from the Missouri shore.

The bottom is rocky, and considerably shallower than adjacent parts of the river. At some points depth drops below 6 ft. at low water. This either halts most barge traffic, or forces operators to send barges through half loaded. Going aground in the Chain of Rocks is worse than along the rest of the Mississippi, because the barges hit rocks, instead of sand. Just above the Chain of Rocks is the mouth of the Missouri River; this plus the shallower channel and the fact that the river drops 11 ft. in 7 mi. account for the swift current.

Last week the Army Engineers opened a \$40-million canal that bypasses the Chain of Rocks. The 8.3-mi. canal, on the Illinois side of the river, has been under construction since July, 1946. Chief feature is a lock (picture) to take care of that 11-ft. drop. The lock is 110 ft. wide and 1,200 ft. long—which makes it twice as long as locks around dams on the upper Mississippi. This means bargelines won't have to break their tows in two. A parallel 600-ft. auxiliary lock will help handle peak traffic.

There was little fanfare about last week's opening; the formal dedication is scheduled tentatively for May 9.

Nationalization and Foreign Investment

GVA

THE outlook for the economic development of the "free world" has received a serious setback at the hands of the United Nations, an organization that has not only professed to favor such development but in some ways has gone to considerable lengths to promote it.

The U.N. General Assembly has adopted a resolution approving the nationalization of economic resources by member states. The resolution does not contain a word in defense of private enterprise. It does not mention the rights of private investors who have risked their savings in the development of such resources. It says nothing about the sanctity of contracts or the long-established principles of international law. It deprecates any action by a member state to uphold the rights of its nationals against the confiscation of investments made in good faith.

Eminent Domain vs. Nationalization

No one questions the right of a sovereign state to take private property for public use. In societies of private enterprise, however, the right of eminent domain has traditionally been exercised sparingly, in most cases for public works and utilities, and with scrupulous regard for the right of private owners to fair and prompt reimbursement. The United States Constitution forbids the taking of private property for public use without just compensation, and a similar rule has been generally observed in civilized states.

Ever since World War II it has been apparent that many underdeveloped countries are eager to raise their standards of living by expanding and modernizing their economies. To promote this aim the United States initiated the Point Four program.

It was evident from the beginning that technical assistance could be made fully effective only by substantial foreign invest-

ment. Modern productive equipment, as well as "know-how," was needed. Almost alone among the advanced industrial nations, the United States was in a position to supply such equipment in large quantities.

Throughout history, economic enterprise has involved the use of credit. For countries with little industrial equipment and low productive capacity, this means foreign credit. The economic development of the United States took place in this way. Now the United States is in a position to supply capital to less advanced countries. Those countries, for the most part, profess to desire our capital. Such investment would be mutually beneficial. It would provide the United States with new export markets and foreign countries with much-needed American goods. It would facilitate the desired transition from "aid" to "trade."

The Question of Credit Standing

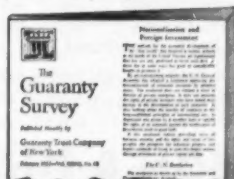
Capital, however, flows to borrowers with acceptable credit standing. What is needed is explicit and unconditional assurance against governmental policies that contravene long-accepted standards of honesty and fair dealing.

It is an understatement to say that the United Nations resolution gives no such assurance. On the contrary, its effect must be to make worse an international investment climate that is already bad.

Some of the economic lessons of the past seem to have been forgotten. Will they have to be relearned the hard way?

From the February issue of THE GUARANTY SURVEY, monthly review of business and economic conditions published by the Guaranty Trust Company of New York.

The complete issue is available on request to our Main Office, 140 Broadway, New York 15, N. Y.



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FINANCE

Costs Pinched 1952 Profit Margins...

..And Earnings

| Fiscal Years | Approx. Profit Margins (Pretax profits in percent of sales) | | | | | | Sales (Changes from 1951) | Net Income (Changes from 1951) |
|------------------------------|--|-------|-------|-------|-------|---------|------------------------------|-----------------------------------|
| | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | | |
| Air Reduction Co. | 10.5% | 11.5% | 11.5% | 15.5% | 16.2% | 13.1% | + 5.5% | - 2.6% |
| American Can. | 10.4 | 10.7 | 10.1 | 11.6 | 11.6 | 8.5 | + 9.1 | - 9.1 |
| Brunner Mfg. | 12.7 | 7.9 | 6.6 | 8.1 | 6.2 | 2.0 | - 4.9 | - 67.4 |
| Catalin Corp. | 6.5 | 3.0 | 4.1 | 9.6 | 5.7 | 3.2 | + 5.7 | - 39.2 |
| Celotex Corp. | 21.9 | 20.7 | 8.2 | 10.5 | 12.0 | 6.1 | - 12.2 | - 53.9 |
| Chain Belt. | 18.5 | 18.4 | 16.3 | 17.2 | 16.2 | 12.6 | - 36.1 | - 17.9 |
| Cherry-Burrell Corp. | 13.1 | 5.2 | 0.7 | 5.4 | 6.9 | 3.8 | - 8.5 | - 48.0 |
| Dayton Rubber. | 8.5 | 4.5 | def. | 11.4 | 11.5 | 3.7 | - 1.1 | - 37.0 |
| Devoe & Reynolds. | 11.2 | 8.7 | 5.3 | 10.8 | 8.6 | 6.6 | - 6.3 | - 28.3 |
| Diamond Alkalai. | 17.9 | 16.0 | 10.0 | 16.5 | 23.5 | 11.3 | - 5.0 | - 18.2 |
| Divco Corp. | 21.1 | 20.6 | 15.0 | 17.5 | 12.5 | 9.2 | - 21.7 | - 44.3 |
| Emsco Mfg. | 13.2 | 18.8 | 5.8 | 12.9 | 14.8 | 11.2 | + 10.5 | - 0.5 |
| Endicott Johnson. | 5.8 | 4.6 | 2.5 | 2.7 | 4.3 | 1.4 | - 9.1 | (A) - 50.8 |
| Firestone T. & R. | 7.0 | 8.4 | 5.2 | 10.5 | 12.7 | 8.7 | - 1.2 | - 11.0 |
| Flintkote Co. | 17.5 | 15.7 | 13.9 | 17.6 | 12.7 | 11.2 | - 0.3 | - 11.2 |
| Int'l Harvester. | 10.0 | 9.1 | 10.2 | 12.2 | 14.7 | 9.5 | - 5.7 | - 11.7 |
| Int'l Minerals & Chem. | 14.3 | 13.4 | 14.0 | 15.2 | 14.5 | 7.6 | + 12.2 | + 1.0 |
| Johns-Manville. | 11.4 | 14.5 | 13.7 | 19.0 | 20.5 | 16.2 | + 2.8 | - 7.7 |
| Koehring Co. | ... | ... | ... | 12.0 | 15.5 | 13.6 | + 8.2 | - 10.5 |
| Koppers Co. | 8.0 | 8.7 | 6.3 | 10.5 | 10.8 | 7.0 | + 12.2 | - 20.4 |
| Lee Rubber & Tire. | 10.6 | 9.3 | 6.4 | 14.9 | 11.1 | 8.2 | - 9.9 | - 19.1 |
| Liggett & Myers. | 7.2 | 8.3 | 8.4 | 9.9 | 9.5 | 7.3 | + 11.7 | - 1.4 |
| Minneapolis-Moline. | 15.0 | 14.5 | 14.4 | 16.1 | 14.8 | 7.4 | + 1.5 | - 16.8 |
| Mooreville Mills. | 19.4 | 9.3 | def. | 8.6 | 7.5 | 1.6 | - 5.6 | - 84.1 |
| Oliver Corp. | 10.4 | 13.0 | 9.9 | 12.0 | 11.2 | 11.1 | + 12.5 | + 0.4 |
| Owens-Corning Fiberglas. . | 1.9 | 10.9 | 7.6 | 20.8 | 22.2 | 12.2 | + 4.4 | - 14.1 |
| Pennsylvania Salt Mfg. . | 13.4 | 10.8 | 13.3 | 19.9 | 21.4 | 10.9 | + 20.9 | - 9.1 |
| Russell Mfg. | 5.4 | 4.3 | def. | 4.6 | 6.4 | 2.7 | + 0.3 | - 46.0 |
| Sharp & Dohme. | 16.3 | 17.9 | 19.2 | 21.0 | 17.2 | 15.7 | + 10.3 | - 14.4 |
| J. P. Stevens. | 22.4 | 17.6 | 12.5 | 13.4 | 12.5 | 4.7 | + 10.8 | - 56.9 |
| Sunbeam Corp. | 19.3 | 22.4 | 23.5 | 28.3 | 23.6 | 17.8 | + 7.8 | - 9.1 |
| Sylvania Electric Prod. | 4.4 | 6.8 | 4.9 | 11.8 | 13.1 | (B) 7.5 | (E) + 14.0 | - 10.0 |
| Union Carbide & Carbon. . | 23.4 | 25.3 | 24.9 | 31.4 | 28.5 | 23.2 | + 3.8 | - 5.4 |
| West Va. Pulp & Paper. . | 20.5 | 18.5 | 15.8 | 21.2 | 20.5 | 15.5 | - 6.4 | - 8.3 |
| York Corp. (C) | 8.6 | 9.6 | 5.3 | 7.7 | 11.1 | 7.8 | + 5.1 | - 2.8 |

A. Before "adjustments." B. 10 months ending Oct. 31, 1952. C. Fiscal years ending Sept. 30, in 1946-50, thereafter calendar years. E. Estimated.

BUSINESS WEEK

How Much More Squeeze on Profits?

What's going to happen to corporate earnings in 1953? Will they be larger than they were in 1952 (BW—Feb. 7 '53, p28)? Or are they destined—for the third straight year—to skid below their year-before level?

Despite continuing tax-reduction hopes, the earnings estimates of many corporate officials—at least at the moment—aren't nearly as optimistic as their ideas on 1953 unit sales.

• **Few Untouched**—The reason for much of this caution is the fear aroused

by the recent downtrend of corporate profit margins generally. Such uneasiness is understandable, too.

Actually, last year's high tax bills were only one cause of the 8% dip shown in 1952 earnings. Shrinking margins before taxes proved just as much of a villain. And unlike the earlier postwar period, the effects weren't confined to a handful of trades or individual companies. Few went unscathed, even though the end effect, obviously, wasn't the same in all cases.

• **No Comparison**—That's not to say that the pinch had ruinous effects on corporate earnings as a whole. Profits after taxes last year probably added up to around \$17.2-billion, a total that looks mighty handsome when stacked up against even the best prewar earnings years.

But there is a flaw. Prewar earnings don't represent a fair yardstick. After all, since the war, corporations have plowed back around \$72-billion of retained earnings into new plants and

Let's swap ideas

Match your advertising ideas with these — and win a \$50 Bond!

Pocket device tells difficult sales story

To introduce to dealers an improved model of our Tru-Heat Iron where the external appearance was unchanged and the important sales features hidden inside the shell, we devised a pocket gimmick for our salesmen. It was designed for use in the breast pocket of a man's suit so that the red and white polka dot handkerchief would project much as any pocket handkerchief. Red and white polka dots, incidentally, are our package trade mark. On removing the envelope from the pocket the first thing that meets the eye is the little cartoon illustrating the theme we have used in connection with the principal characteristic of our iron "It's the Shape that Makes the Difference." Then, on removing the actual piece from the envelope we again repeat this theme, adding the element of copy concerning the perma-chrome finish of our soleplate. Then, on holding the piece up to the light, the customer is able to see through this unique plastic material the new element shape, which is described on the reverse side. In short, this single piece enabled a jobber salesman to do a complete selling story in an unusual and compelling fashion.

James S. Fish, Adv. & Prom. Manager,
General Mills, Inc., Minneapolis, Minn.

Assures long life for expensive stuffer

Recently, when we decided to prepare a 4-color statement stuffer on a new product, we were reminded of several thousand similar stuffers, now worthless because of price changes. To prevent a recurrence of this mistake, the new statement stuffer was designed with a listing of styles on the back page, but no prices. Space for the dealer imprint was also provided on the back cover. Now, when dealers order stuffers, we imprint both the store name and prices at the same time. We feel that's good insurance in view of the high cost of 4-color printing, and our new stuffers will last indefinitely, regardless of price changes.

American Luggage Works, Inc., Providence, R. I.

A guide for media representatives

In order to obtain greater value from interviews with media representatives, we published a booklet familiarizing them with the sales and promotion problems peculiar to our company. "The Media Representatives Interview Guide" is used as a reception room welcome booklet



For a unique new promotion idea, see paragraph at left. For the latest idea in low cost offset printing, read below about the new Kimberly-Clark coated offset paper!

and as a mailing piece to publishers and other media owners. It begins with a message explaining why and how we feel interviews can be made more worthwhile. This is followed by a brief description of our company, its products and markets, basic sales methods, and types of advertising. Next, advertising department personnel are listed according to job responsibility and, finally, information about local hotel accommodations, transportation facilities, etc.

John M. Royal, Advertising Dept.,
The Dow Chemical Co., Midland, Michigan

Do you have an item of interest? Let's swap ideas!

All ideas contributed become the property of Kimberly-Clark for use in any printed form. For each idea used in our magazine advertising we will give the sender name credit and a \$50 Defense Bond. In case of duplicate ideas, only the first received is eligible for the award. This offer supersedes any offer published in previous advertisements, and continues for two months only. Address "Let's Swap Ideas," Room 410, Kimberly-Clark Corp., Neenah, Wisconsin.

Now—a low cost coated paper for fine offset printing!

If you've been wanting to print some of your booklets, folders or other advertising pieces by offset—but haven't because of the cost of coated offset paper—here's good news! Shorewood®, the new Kimberly-Clark glossy coated offset paper, is designed especially for low cost, volume printing. It's priced in the plain, uncoated paper class—yet

gives you the sharpness and contrast you need for quality jobs. There's no extra charge for weights as low as 50 lb.—and it's designed for either monochrome or process color work. Try new Kimberly-Clark Shorewood on your next printing job. For complete information, see your distributor or write to Kimberly-Clark Corporation, Neenah, Wisconsin.



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"... ominous are the dangers that lurk if the recent steady downtrend isn't soon checked ..."

PROFITS starts on p. 110

facilities. Just as enormous are the sums of new money they have acquired via short-term and long-term borrowings, and the sale of new stock.

• **Could Be Better**—When you take such factors into consideration, the 1952 earnings total left something to be desired. Indeed, only in two postwar years—1946 and 1949—were they any smaller.

Even more ominous are the dangers that lurk if the recent steady downtrend in so many profit margins isn't soon checked. Should corporate earnings in 1953 drop as little as \$1-billion (vs. the \$1.5-billion decline in 1952) the year would go down as the worst 12-month period for business since 1946.

• **Serious Enough**—How serious has the downtrend been for individual companies? The chart on page 110 of 35 companies picked at random gives the answer. It shows just how sharply the drop of even a few percentage points in profit margins can affect net earnings—even if sales are running well above their year-earlier level.

Until fairly recently, many Wall Streeters believed that today's high income-tax rates provided most companies with a handy cushion that would keep their earnings from dropping too sharply if their profit margins began to deteriorate. As the chart shows, however, this has not been necessarily so. Certainly, that factor has helped some. But it has not been the cure-all Streeters so confidently predicted.

• **Deceiving**—How come corporate operating costs are still rising? Haven't raw material costs been steadily declining in recent months (BW-Feb. 7'53, p. 93)?

It's true that they have. But there's a catch in that trend, too. Some of the metals industry uses most, such as steel, copper, and aluminum, haven't been affected yet.

Besides this, there has been no noticeable drop in two other big operating costs: transportation and, more important, labor.

• **Profit Eater**—Labor costs vary all over the lot, of course. They may eat up only 10% to 16% of every dollar taken in by the oil industry, for instance, but in many others wage and salary bills take as much as one-third to one-half of all income.

Furthermore, the actual cost of labor that enters into a product is often much greater than is indicated by the ratio of a company's payroll to its net sales. Take the auto industry. Back in 1951,

BORDER

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Do you have an affiliated company, or business properties of any kind in Canada? If so, the four offices of *Johnson & Higgins (Canada) Limited* can help you plan an insurance program for such properties. Or, if you prefer, any of our U. S. offices can cooperate with our Canadian offices to cover your risks in both countries.

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Broadening the Markets

The Big Board's new study group stirs up an old tempest. To expand thin markets, it suggests, let corporations become members of the Exchange.

To make broader markets on the floor of the New York Stock Exchange, the Big Board ought to sidetrack one of its major traditions: the rule that no corporation can be a member of the Exchange.

That's the conclusion of the committee of governors and ex-governors of the Exchange, headed by Joseph Klingenstein of Wertheim & Co. President Keith Funston set up the committee last August to see what could be done about the thin markets on the biggest U. S. securities exchange. The committee has made a good many other suggestions, but this is the one likely to cause the biggest stir in Wall Street.

• **Handed Down**—The no-corporate-members rule is a holdover from the time the Exchange was organized in the 1790s, when private corporations were rare. But there are sound reasons for its survival. Generally, partners are responsible, to the extent of their means, for liabilities of their firms. Stockholders, on the other hand, have no liability beyond the extent of their investment. The Big Board has always felt it would be easier to enforce its rules on partners than on stockholders of corporations.

In the last 15 years members have been pressuring the Exchange to allow member firms to incorporate, and to take in corporations acting as dealers or brokers in securities in the over-the-counter market. What the Klingenstein committee suggests is admission of corporations whose voting stock is held by people actively directing the corporation's affairs.

• **Advantages**—The Klingenstein group gives three major reasons for suggesting the switch:

(1) It wants to get big distributors of securities into the Exchange so they can transact business in its listed securities on the floor. Quite a bit of off-the-floor trading in listed stocks and bonds is done, mostly by nonmembers. Members must get the Big Board's O.K. to make off-the-floor deals. And they get a green light only when the block of securities involved is so large that "it could not be handled expeditiously on the floor."

(2) From a tax standpoint, incorporation might appeal to some firms that are members for this reason: In a partnership, each partner's share of the earnings, plus his other income, is taxable at his personal rate. In other words, individual partners pay income tax on

their share of the firm's earnings, even though part of those earnings may be retained in the business. In a corporation, earnings are taxed at the corporate rate; some, or all, of earnings after taxes may be retained in the business without any further income tax.

(3) Incorporation of member firms would tend to give employees more job security. A flourishing partnership can be broken up by the death of a major partner. Wall Streeters stress this point, though a similar problem can arise, of course, at the death of a major stockholder in a closely held corporation.

• **Two Sides**—Supporters of incorporation, who include heads of two of the biggest member firms—Winthrop Smith of Merrill Lynch, Pierce, Fenner & Beane, and Harold Bache of Bache & Co.—believe that corporate members could be controlled. Supporters have argued that the credit rating of member firms depends not on unlimited liability of partners but on actual capital of the firm. For that reason, it was suggested that capital requirements of corporate members be set higher than for partnerships. Some observers feel, though, that this misses the point, for when one or more partners of a member firm are known to have large outside resources, that firm does enjoy a higher credit rating than its capital would indicate.

Opponents argue that the question of transfers of stock in a member corporation would be hard to work out. Furthermore, they feel that many corporations in the securities business would not be interested in Big Board membership anyway, because they are primarily interested in doing business on a dealer basis, not in auction markets.

• **Another Try**—This is not the first stab at the no-corporate-members rule. The change has been suggested several times in the past 15 years; each time it's been voted down.

Even if the change goes through this time, it's too early to tell which member firms would incorporate or which corporations would join. Both Merrill Lynch and Bache are known to be studying the possibilities of incorporation, however. And some outside corporations say they'd be interested in joining.

• **Stiffer Competition**—If the Klingenstein group fares badly on this big rule change, it has still other suggestions that may stand a better chance. For

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Every typist should have a copy of this handy, pocket-size 24-page brochure packed with practical tips on typing. *Clip this to your letterhead*, state the number of copies you can use—and send to Smith-Corona Dealer or Branch Office. (See your Classified Directory).

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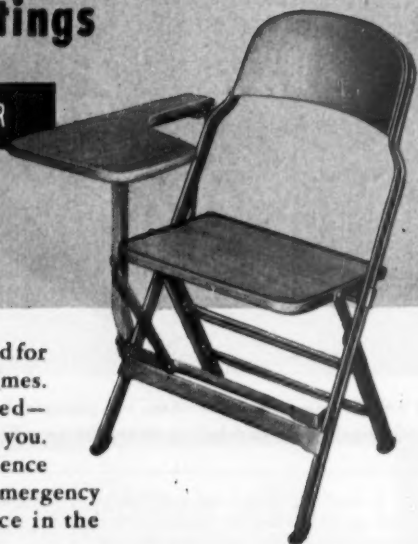
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Undoubtedly, you've wished for a chair like this many times. Now it's here—perfected—ready to go to work for you. Here is permanent convenience and comfort adapted for emergency use—the greatest advance in the history of folding chairs.

The tablet arm is a built-in feature of the chair, not an attachment. It is strong, easy to operate, a marvel of engineering ingenuity (patent pending). For ordinary chair use when the arm is not needed, it folds down, out of the way, beside the chair, and flat *against* the chair for quick, safe stacking. The flat, folded depth of the chair is only 3 inches. The chair can be folded or unfolded in a matter of seconds. It is exceptionally easy to get into and out of.

Built throughout with all the famous Clarin insistence on utmost quality, the Clarin Tablet Arm Folding Chair will give years of faithful service. It is a supremely strong X-type chair, self-leveling, welded to insure exceptional strength and quietness. Its cushioned rubber feet, a Clarin exclusive, can't mar the finest floor. It comes with Clarin's famous reinforced seat of 5-ply plywood, or it can be had with fine quality leatherette on seat and back, or on seat alone. Available in wide range of frame and upholstery colors.

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SINCE 1925... THE ARISTOCRAT OF FOLDING CHAIRS

"... that picture has changed sharply. Not many trades bask any longer in seller markets..."

PROFITS starts on p. 110

its direct labor costs equaled less than 24% of sales. Actually, the "real" cost of labor that went into the price of a finished car was much higher because of the effect the wage costs of its suppliers had on the prices the auto industry had to pay for parts and essentials.

• **Harder to Live With**—Rising operating costs, of course, are nothing new to industry. Ever since V-J Day industry has had to live with them, but it's getting harder.

For several years after the war, it was easy to overcome costs. Expanding volume cut costs. Moreover, sellers' markets were the order of the day; whenever costs started to zoom, you upped profit margins by raising prices. Even rising raw material prices helped out sometimes—by creating inventory profits.

But that picture has changed sharply. Not many trades bask any longer in seller markets. Plenty of goods have become available in most lines.

• **Out of Sight**—Also gone are "inventory profits," for the most part. Many trades already are, or soon will be, embroiled in the keenest competition for business they've experienced since the 1930s. Unless another war should create shortages again, few corporations for some time to come are going to recapture the handsome profit margins they were able to boast of to stockholders not so many months back.

For one thing, few people expect that wage costs can be cut generally. They are more likely to rise. Unions are strong, and in the months immediately ahead, employment should continue on a high level.

• **Suicidal?**—Higher production volumes, of course, would help many manufacturers. But not necessarily as a result of defense orders. Profit margins on armament orders are low from the start; they are often subsequently renegotiated to even lower levels.

What is really needed is a sharp and prolonged rise in consumer demand. That would permit high production to cut manufacturing costs, and perhaps allow a few price increases. Not many expect this to happen, however. In too many lines productive facilities are so big right now that they can take care of even the most optimistic peacetime demands.

Raising prices under such conditions would be suicidal, say many experts. Already, price cuts are being posted in such areas to meet competition.

ceding year. That figures out to \$1.47 per common share, compared to \$3.65 per share in 1951 when there were somewhat fewer common shares outstanding.

The company said that the drop in earnings was due primarily to the penicillin price war that raged in 1952, plus higher raw material and wage costs.

• **Well Heralded**—The drop in earnings—and the dividend cut—should have been no surprise to investors. For one thing, the weakness of the penicillin market is no secret. It has hit all producers hard (BW—Oct.18'52,p138); and B-M is known to be a major producer. What's more, the company's earlier quarterly reports had shown a steady downtrend in profits.

Some Wall Streeters draw the conclusion that, where the special offering of B-M was concerned, there was too much of the "new confidence" among investors. They figure that the strong possibility of a dividend cut could have been foreseen, and that the market had not adequately discounted this.

Allied Chemical & Dye Drops an Old Taboo

A big U.S. corporation with no senior securities ahead of its common stock is a rare bird these days. There will be one less soon. Allied Chemical & Dye Corp. is breaking its long tradition against debt. The company, which once concentrated on the basic chemicals, needs cash to finance its expansion into new chemical fields (BW—May 6'50,p102).

Last week the company announced it was planning to sell publicly, through underwriters headed by Morgan Stanley & Co., \$200-million of long-term debentures (BW—Feb.7'53,p34). Last August the company had borrowed \$50-million from a group of New York banks for three years at 3%, practically the first time it had been in debt since the early 1920s.

• **Hustling**—No date has been set for the new issue, which would be the biggest chunk of public financing any U. S. industrial corporation has ever done. Allied's president, F. J. Emmerich, says the company has spent about \$314-million for construction during the 1946-1952 period, of which about \$88-million was spent last year. Plans are to spend \$150-million this year, and if conditions are right, \$100-million in 1954.

This huge expansion program, obviously, is the main reason why Allied has overcome its prejudice against debt capital. There's a limit to how much cash you can generate out of retained earnings and depreciation reserves.

• **Allied's Thinking**—Of course, Allied

Ask your Plant Engineer...

How efficient dust recovery increases yield

In every industry, from food to fabric to steel, Buell engineers, working with plant engineers, have established an enviable 18-year record of turning unnecessary dust losses into substantial new profits. What's more, a Buell Dust Recovery System uncovers these additional important advantages: improved product quality, smoother plant-community relations and higher employee morale.

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background and experience in the highly specialized science of Dust Recovery, ask for further information about Buell's **3 basic systems** of dust collection. See how they can help you turn dust into dollars. Send for Buell's new, informative bulletin titled, "The Collection and Recovery of Industrial Dusts." Buell Engineering Company, Dept. 30-B, 70 Pine Street, New York 5, New York.



ENGINEERED EFFICIENCY IN DUST COLLECTION

Rockwell Report



by W. F. ROCKWELL, JR.

President

Rockwell Manufacturing Company

OUR COMPANY HAS BEEN MENTIONED in management magazines as a case study in manufacturing decentralization. Not so often mentioned is the fact that our sales management is rather highly decentralized, too, with many similar results in efficiency.

In the first place we have four major independent selling organizations . . . one for valves, meters and related equipment; one for utility valves; another for transportation registers and the other for power tools and equipment closely allied to power tool distribution.

Within each of those organizations, management responsibility rests very largely in Regional Sales Managers, and under them, District Sales Managers. These field sales managers have the authority to make many decisions on the spot, saving time and money. They eliminate the necessity of an unwieldy headquarters sales management staff to clear piles of reports. And best of all, they learn to accept management responsibility, giving us another source for top staff men when needed.

The second fastest growing industry in America today, according to authoritative statements, is liquefied petroleum gas. Without the fanfare and glamour of, for instance, the television industry, liquefied petroleum gas is growing by jumps, bringing to rural and fast-growing suburban areas the same conveniences people in cities have come to take for granted.

Propane and butane, the fuels of the LPG industry, are used in cooking, heating, refrigeration and for other uses. Our part in this mushrooming industry is the manufacture of LPG liquid and gas meters. With Rockwell meters LPG users pay for their fuel in the same way as their city cousins—in exact relation to the amount they use.

One of the best testimonials to the safety features of our Delta power tools is the record of the Wisconsin School for the Visually Handicapped, Janesville, Wisconsin. Here, blind students are taught woodworking on Delta tools by Frederick Hoyer, a blind instructor. This is his report:

"At the beginning, the Bureau for Handicapped Children which supervises this school was not sure that blind pupils could be safeguarded from possible accidents. To convince them, I installed a Delta circular saw in my garage workshop. Demonstrations of my own operation of this tool convinced my associates that blind pupils could be taught to use Delta Power Tools with safety.

"So in 1928 the school bought its own Delta tools . . . a circular saw, drill press, belt sander, jointer and lathe. We have never added an extra safety device to any of our Delta tools and in all the years these machines have been used, no pupil has suffered an injury that required medical attention."

In an earlier item in this column we mentioned that we were involved in a suit to sustain one of our power tool patents. When one company brought out a design that we felt infringed our patent, a Federal court upheld us. When another company did the same thing, a second Federal court held that the device was so simple it lacked inventive merit, in spite of the fact that several companies had worked for years to develop such a device without success.

The implications of a case like this are sometimes lost in the technicalities of patent law. While we are fighting the case, a great many other companies and inventors are affected by the outcome. The questions are basic: first, when many people fail at a development but one succeeds, isn't that evidence *per se* of inventive merit; second, if there are to be different standards for determining patentability in different Federal courts, under what rules are we working?

One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.

for its customers, suppliers, employees, stockholders, and other friends



one thing, it wants to strengthen the "specialist" system, under which definitely assigned members specialize in making markets for a certain issue or issues. It would like to see the Exchange vigorously enforce its specialists' obligation to be genuine dealers, that is, to buy and sell enough stock "to maintain an orderly and liquid market."

Finally, the committee feels that specialists should be allowed to pay commissions to member firms to round up purchase orders and bring them to the floor to absorb big blocks of listed issues. That way, the specialists would be able to compete better with over-the-counter dealers in making markets for big blocks. The committee would like to change the rule that now prevents a specialist from employing member firms. And it would like to see all member firms, whether they are specialists or not, allowed to follow this practice.

• **Higher Up**—The committee reported, naturally, that Federal Reserve Board and government policies were doing a great deal to create thin markets. It pleaded for a reduction in the present 75% margin requirement to 40%, which it feels is justified by the dearth of margin buyers now. It called for some tax changes, including a lower capital-gains tax and a shorter holding period. It also feels that certain changes in the federal securities laws would eliminate a lot of red tape.

Dividend Cut Takes Market by Surprise

Last week's slash in the common dividend of Bristol-Myers Co. embarrassed more people than just the stockholders. Eight days before directors voted to cut the regular quarterly dividend from 40¢ to 25¢ per share, Fundamental Investors, Inc., an investment trust, had successfully sold 25,800 shares of common at \$25.50, via a secondary offering through the brokerage firm of Bache & Co.

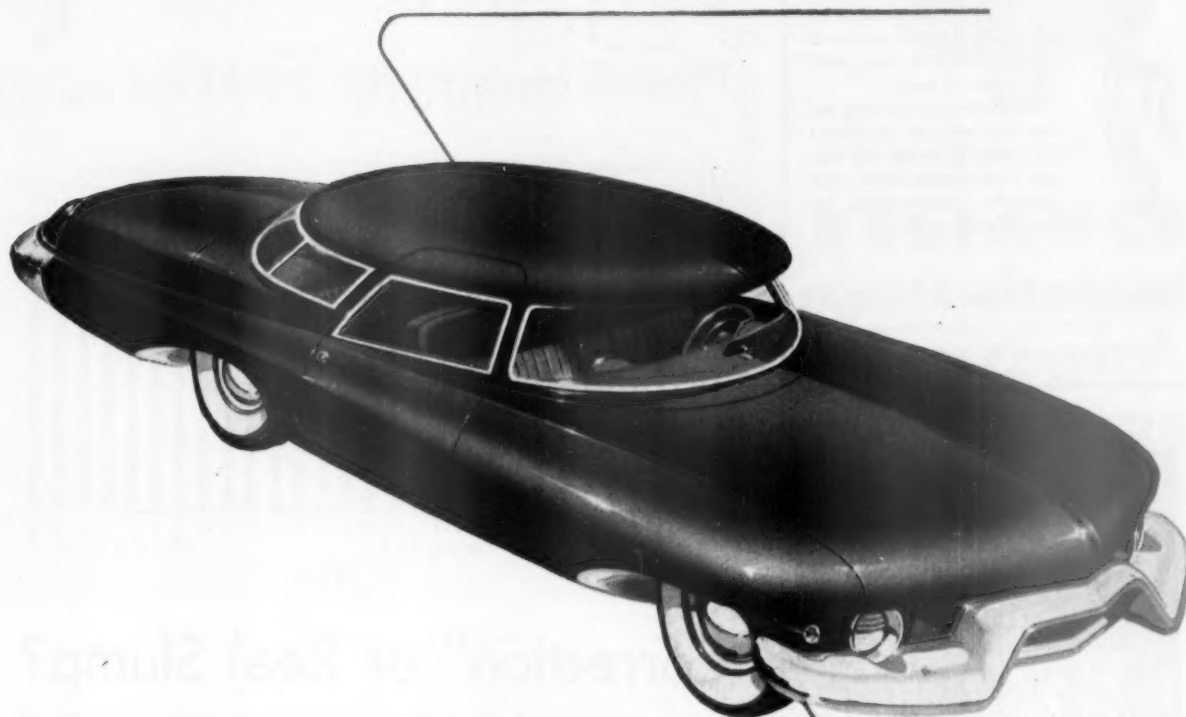
Then, after the bad news, the price of the stock dropped more than \$2 last week on the New York Stock Exchange. It closed the week at \$22.62½. Meanwhile, Fundamental Investors and Bache hastened to issue a statement denying that they had "any knowledge or intimation of any kind that directors . . . would reduce the dividend. The price of \$25.50 . . . reflected market conditions at the time of sale."

• **Why the Cut**—Bristol-Myers explains its dividend cut this way: Earnings for the December quarter were \$594,000, compared with \$1,355,000 for the 1951 quarter. For the year ended Dec. 31, tentative net earnings were \$2,589,000, compared with \$5,289,000 in the pre-

Specify



**for Lighter Weight
Longer Life
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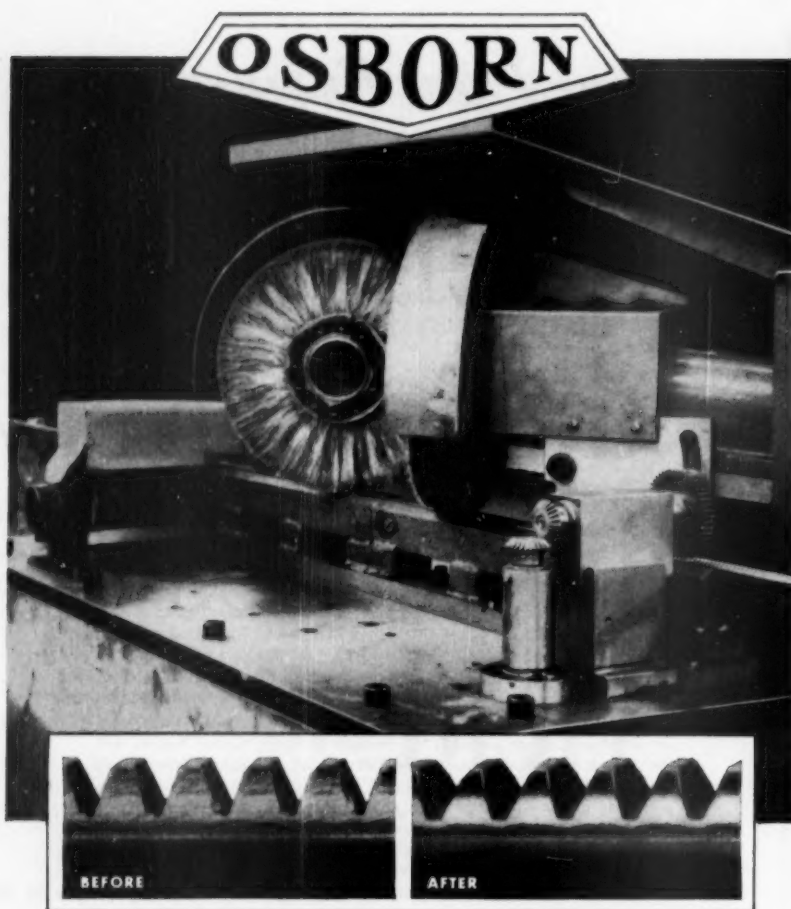
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has another source of cash—its huge investment portfolio. It has sold some of this off, but still retains well-diversified stock holdings with a current market value of about \$60-million. But it doesn't plan to sell any more, at least right now.

Last week Glenn Miller, vice-president and comptroller, explained to the Cleveland Society of Security Analysts why Allied didn't sell all such stock holdings and cut its borrowings. He said the company could borrow money at a much lower cost than the net return that it is getting from its investments.

Although many other blue-ribbon corporations in the postwar period have sold their bonds privately to institutional investors, Allied feels that it will do better at this time by going to the public. It believes it can get a somewhat better rate and somewhat simpler terms.

But Wall Street observers think there's another important reason why Allied plans to sell its huge issue publicly. If money rates continue to rise, bonds in the projected issue could conceivably sell below par later on and could be advantageously bought in by the company for sinking-fund purposes. But if the issue were originally sold privately to a few big investors, there probably wouldn't be any chance of picking them up at a later date at bargain prices.

FINANCE BRIEFS

Underwriters in Wall Street took a shellacking on their recent purchase of \$32-million new 30-year Ohio Power Co. 3½% bonds (BW—Jan. 31 '53, p58). Last week the buying syndicate disbanded, with only a part of the offering resold. Best bid obtainable for the bonds in early "free market" trading was only 101.75% of par, as against their 102.09% cost to the underwriters.

Traffic accidents cost the U. S. \$3.6-billion last year, says the National Safety Council. It reports also that there were 38,000 traffic deaths—2% above the year before—and about 1.5-million injuries.

Municipal bonds last week sank to their lowest price level in over 10 years, as measured by the Dow-Jones municipal yield index. California successfully sold \$100-million of new veterans' home-farm loan bonds (BW—Jan. 24 '53, p54). But underwriters took no chances on getting stuck. The only bid received cost the state 2.415%, compared to the 2.093% cost of a \$25-million bloc of school bonds in the same market last fall.

chart (and caused trading volume to fall off) after the turn of the year. Why hunt any further for explanations?"

If you like to read stock-market charts, you can find some discouraging technical omens. At the beginning of February, the market tested—and failed to break through—its postelection high of Jan. 5 in dramatic fashion (page 120).

Although the market rallied somewhat early this week, it had gone well through its January low. By Monday, Standard & Poor's daily industrial index had lost nearly 40% of its gains in the

year-end rally. The fact that industrials have broken through the previous low indicates, in technicians' language, that the "correction" is not yet over.

Wall Street opinion is more than usually unanimous on this forecast: From here till the Ides of March, you can expect weakness in the market. From there on, stock prices will probably take their cue from: (1) the international situation—which is tied intimately with prospects for tax relief, and (2) the trend of business, including the trend of profit margins.

Flaws in 1952 Dividend Peak

"Cash dividend payments made to owners of common stocks listed on the New York Stock Exchange rose to a record high last year."

On the surface, you can't quarrel with that announcement by the Big Board last week. Payments last year added up to close to \$5.6-billion, as the tabulation below shows. That's 1.8% better than 1951, and slightly better than the record racked up in 1950.

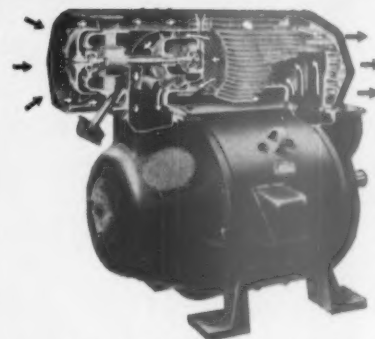
But other aspects of the 1952 dividend picture were less glittering. These passed unmentioned in the Big Board survey, but they could well point to unfavorable potentialities in the months ahead.

For one thing, almost 80% of the year's whole dividend advance was scored in the first three months. In that quarter, dividends topped the 1951 period by 6.6%. But the second quarter showed a gain of only 5%, and the figure dropped to 0.8% in the third—and clear down to a 3.1% loss in the final quarter.

What's more, the entire 1952 gain can be traced to just two stock groups: the utilities, and oil and natural gas. The pair accounted for only 33% of all dividends, but their gain was \$133.6-million. Without these two groups, dividends paid on all other Big Board stocks were down \$34-million.

| Stock Group | No. Issues in Group | No. of Dividend Payers | Higher | Same | Reduced | Total Dividends (In millions) | % Change 1952 vs. 1951 |
|-----------------------------------|---------------------|------------------------|--------|------|---------|-------------------------------|------------------------|
| Aircraft..... | 27 | 22 | 12 | 9 | 2 | \$53.7 | \$52.3 + 2.8% |
| Amusement..... | 24 | 20 | 3 | 11 | 7 | 57.6 | 64.5 -10.7 |
| Automotive..... | 72 | 65 | 13 | 30 | 23 | 536.5 | 554.8 - 3.3 |
| Building trade..... | 30 | 29 | 7 | 15 | 7 | 78.9 | 78.7 + 0.3 |
| Chemical..... | 84 | 80 | 23 | 40 | 17 | 599.4 | 586.5 + 2.2 |
| Electrical equipment..... | 24 | 23 | 8 | 11 | 4 | 158.1 | 150.3 + 5.2 |
| Farm machinery..... | 7 | 7 | 3 | 3 | 1 | 62.2 | 54.4 +14.2 |
| Financial..... | 33 | 31 | 12 | 11 | 8 | 120.3 | 120.8 - 0.4 |
| Food products, beverages..... | 69 | 66 | 15 | 31 | 20 | 222.0 | 234.4 - 5.3 |
| Leather, leather products..... | 10 | 8 | 0 | 7 | 2 | 19.2 | 19.0 + 0.8 |
| Machinery, metals..... | 107 | 101 | 32 | 37 | 34 | 201.7 | 204.9 - 1.6 |
| Mining..... | 41 | 36 | 7 | 14 | 15 | 219.0 | 222.6 - 1.6 |
| Office equipment..... | 10 | 9 | 2 | 5 | 2 | 34.8 | 35.8 - 2.7 |
| Paper, publishing..... | 37 | 33 | 14 | 10 | 9 | 102.9 | 97.7 + 5.3 |
| Petroleum, natural gas..... | 49 | 47 | 24 | 19 | 4 | 932.6 | 880.7 + 5.9 |
| Railroad, railroad equipment..... | 81 | 64 | 16 | 39 | 9 | 283.8 | 257.8 +10.1 |
| Real estate..... | 10 | 10 | 5 | 4 | 1 | 18.0 | 16.0 +12.6 |
| Retail trade..... | 72 | 66 | 10 | 43 | 14 | 276.4 | 289.1 - 4.4 |
| Rubber..... | 9 | 9 | 5 | 3 | 1 | 52.9 | 50.0 + 5.8 |
| Shipbuilding, operating..... | 10 | 9 | 3 | 4 | 2 | 14.2 | 13.2 + 7.9 |
| Steel, iron..... | 37 | 34 | 5 | 15 | 14 | 259.2 | 263.4 - 1.6 |
| Textile..... | 44 | 38 | 4 | 13 | 27 | 78.9 | 105.7 -25.4 |
| Tobacco..... | 15 | 15 | 1 | 9 | 5 | 81.9 | 79.9 + 2.5 |
| Utilities..... | 102 | 98 | 37 | 56 | 6 | 900.5 | 809.8 +11.2 |
| U. S. Co.'s operating abroad..... | 25 | 22 | 7 | 3 | 13 | 71.1 | 83.3 -14.6 |
| Foreign companies..... | 18 | 16 | 2 | 8 | 6 | 122.9 | 129.7 - 5.3 |
| Other companies..... | 20 | 17 | 1 | 8 | 8 | 35.9 | 39.7 - 9.4 |
| Totals..... | 1,067 | 975 | 271 | 458 | 261 | \$5,594.6 | \$5,495.7 + 1.8% |

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Cutaway of Dual-Cooled Type "T" Heavy Duty D-C Motor showing counterflow of internal and external cooling air through heat exchanger.

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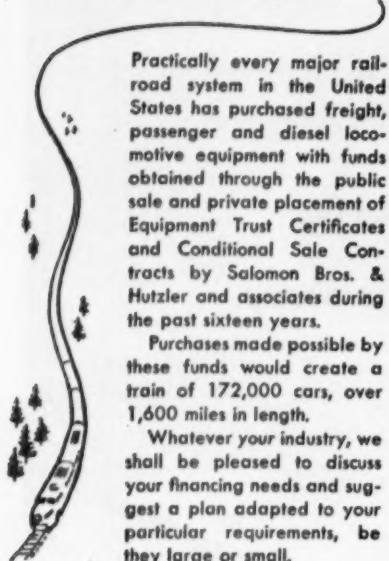
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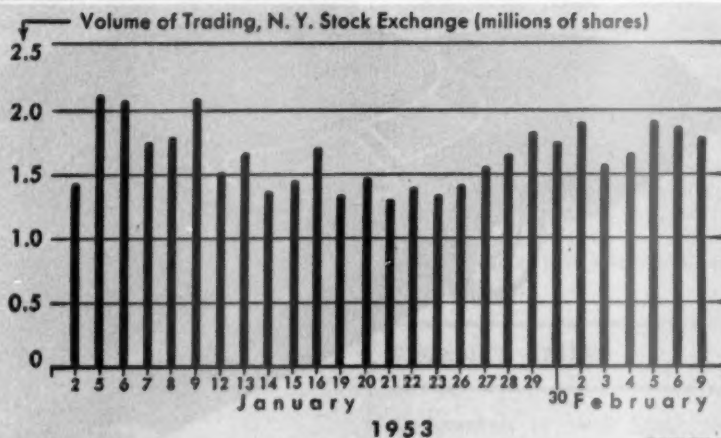
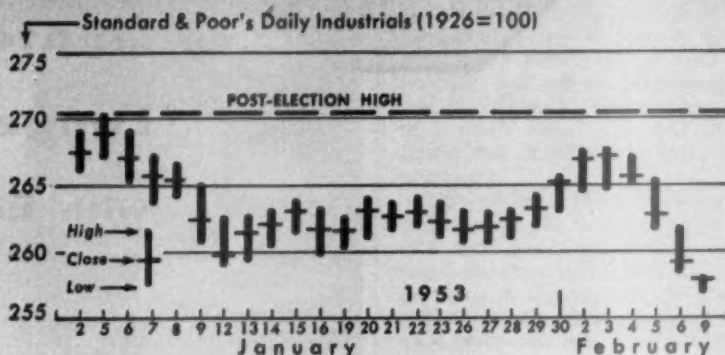
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THE MARKETS

Post-Election Rally: 1953 Pattern



"Correction" or Real Slump?

Wall Street can hardly blame business for the nasty spill that stock prices took late last week (chart). Business, as everyone knows, still is humming along at new postwar highs.

So the ever-nimble thinkers of lower Manhattan have been dusting off other excuses for the market's behavior. Perhaps they have their strongest point when they call this a "technical correction"—a partial cancellation of the November-December gains as nervous speculators take their profits.

• **Worries**—Aside from the market's technical position, there is the usual budget of worries: Will investment money be scarce until after payment of taxes in March? Will corporations be niggardly about dividends as the stepped-up Mills plan tax payments cut into working capital? Will the continued high level of business help corporations to improve profit margins that have been pinched by rising costs

(page 110)? Will there, after all, be any tax cut this year?

The new Administration, whose election did much to put zing into the yearend rally, has done little lately to provide fresh ammunition for the bulls. Though the President's State of the Union message left the door open for tax relief this year, he made it plain he would support no tax cuts until a balanced budget was at least within sight. A balanced budget, naturally, depends very largely on how the new Administration's foreign policy works out.

• **Bears' View**—As the bulls cast about for alibis, you can get from any bear what he thinks is the true explanation: "It's perfectly simple. The market ran out of gas. Why should anybody want to buy stocks at these high levels when the outlook for business beyond mid-year is so murky? That lack of confidence was what flattened out the market

INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 14, 1953

A BUSINESS WEEK

SERVICE

Cautious confidence is the Administration's mood in foreign affairs. Confidence stems naturally from a vigorous new policy team, and from the feeling that the U.S. has the psychological initiative in the cold war.

Caution enters because of the consequences of any act of policy—especially when a move affects our allies. The first principle of psychological warfare, reminds the London Economist, is to present a united front to the enemy.

Another principle might be never to telegraph your punches. That's why there's some concern over the sudden burst of Congressional talk about a naval blockade of China.

Consideration of a blockade is nothing new; military men have thought it worth a try for some time.

Certainly the new Administration will study every means of putting pressure on the Reds—and that includes a blockade. But the feeling now, expressed by persons like Secretary Dulles and Sen. Taft, is against going it alone without allied approval.

London, especially, is flatly opposed to a blockade. It might widen the war, says Whitehall, and almost surely would endanger Hong Kong.

Washington is bearing that in mind. The spectacle of a noisy public wrangle between the U.S. and Britain would encourage stubborn behavior in Moscow and Peiping.

There's another side of the coin, to be sure. Tightening the screws in the Far East—from Indo-China right up the line through Formosa to Korea—could strain the Moscow-Peiping alliance, too.

That alliance has been fighting a neatly circumscribed war pretty much on its own terms. Now Eisenhower aims to change the ground rules.

Before long you should begin to see specific Communist reactions to the new "positive policy."

There's no sign of a military reaction yet. But on the diplomatic front there are sure to be more invitations to "save the peace" with the familiar Communist plan for an immediate cease-fire, followed by a time-wasting conference. There might be sly offers of a truce in Indo-China, to woo the weary French, along with juicy trade offers to other allies.

The Kremlin will do anything to prevent a firm U.S.-British-French policy lineup in the Far East.

There can't be a united front in Asia unless there's agreement in Europe. Secretary Dulles has made it clear that the U.S. insists on fast action to ratify the European Defense Community treaty.

If there's no action by April, warns Dulles, it will be hard to convince Congress that further military and economic aid for Europe are necessary. In effect, the Europeans received a thinly disguised deadline.

This could put Dulles on the hook. Though the Europeans may do their best to make progress toward ratification, the betting is that the army treaty won't be signed, sealed, and delivered until June—at the earliest.

France is the stumbling block. It doesn't look as if Premier Mayer can persuade the Assembly to ratify without meeting an imposing array of conditions, all of them time-consuming:

- The outlines, at least, of a Saar settlement with West Germany.



UNIFORMITY

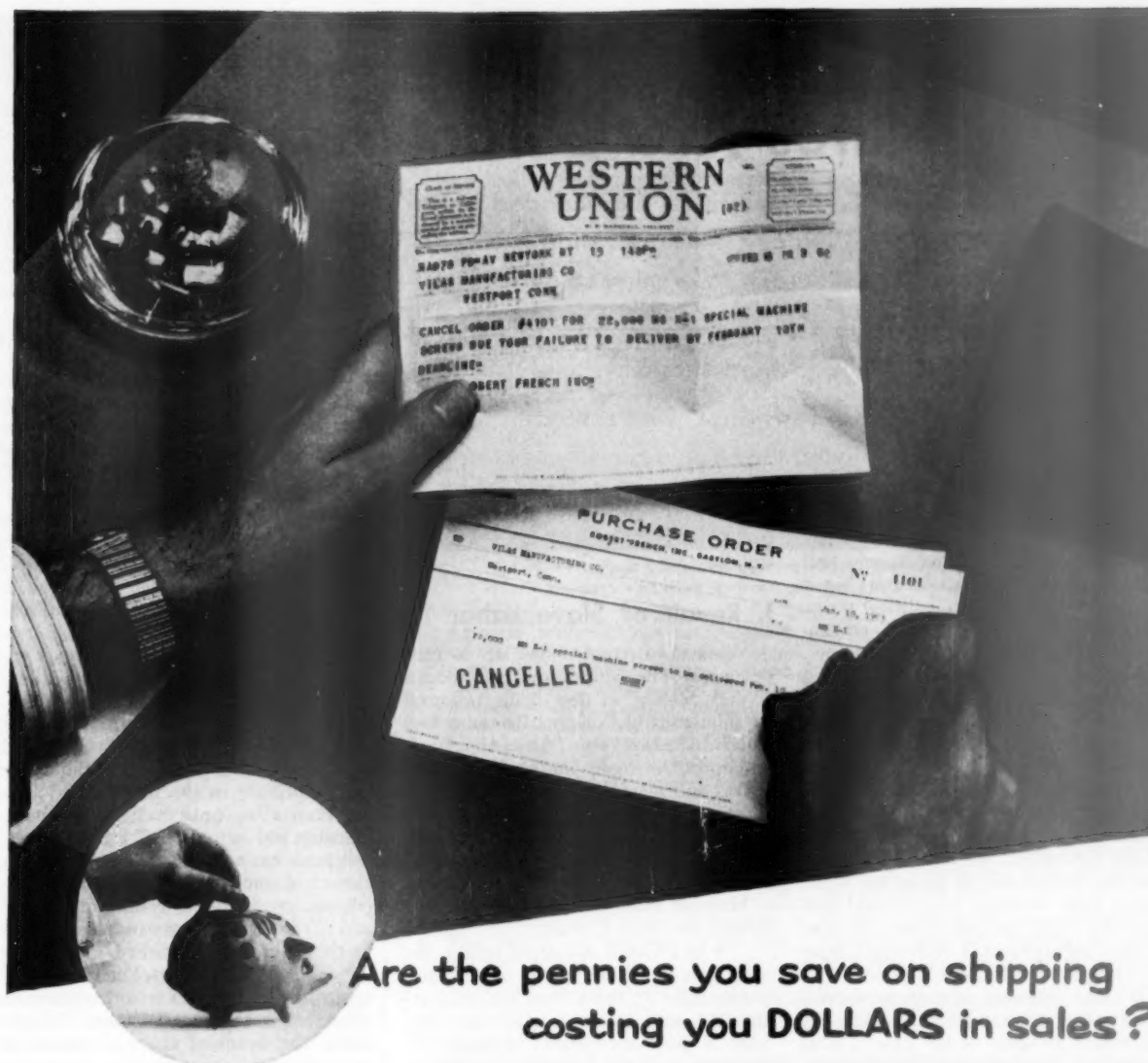
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INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

FEBRUARY 14, 1953

- Some revision of the army treaty itself to insure France's military position vis-a-vis the Germans.

- U.S. economic, diplomatic, and military support for French policy overseas—in North Africa and Indo-China.

- Close British support and cooperation. Ideally, the French would like a British military commitment against German domination of the army pool. But that's just about impossible.

•
This week the Schuman coal-steel pool took its first hesitant steps toward a single six-nation market for coal and iron ore (BW-Feb.7'53, p102).

British coal and steel are still cheaper than the Continent's (Britain isn't in the pool). Any competitive threat from the pool's industry is several years off.

Meanwhile, Britons are spending heavily to modernize mines and mills.

•
The long, bitter battle between London and Cairo may be nearing its end. At midweek Prime Minister Churchill called a special cabinet meeting to O.K. a deal with Egypt over the Sudan.

If it goes through, the Sudanese will get self-rule. That will pave the way for British withdrawal from Suez, and Egyptian participation in Middle East defense.

A settlement will bolster hard-pressed Gen. Naguib of Egypt and put a muffler on his noisy nationalist opponents.

•
Britain will be getting 15,000 tons of cotton from Brazil, now that the jet fighter-for-cotton barter deal has gone through.

Sir Frank Spriggs of Hawker-Siddeley, the plane manufacturer, is jubilant. He feels the sale of 70 Gloster Meteor jets has at last "penetrated the American aircraft monopoly in Brazil."

British traders are far from jubilant. They're raging because they feel any sterling Brazil earns should go to pay their long list of back debts—not to buy jets.

•
Foreign investors look for a new deal in Brazil. President Vargas is expected to sign the free-exchange market bill this week.

Even optimists are surprised. As it's now written, the law is extremely liberal, promises complete freedom for capital movement in and out of Brazil.

It's worth remembering that the one sure thing about any Brazilian law is that you can never be sure how it will be interpreted in practice.

•
The foreign economic policy of the Eisenhower Administration is an unknown quantity—except for the promise that it will be based on "trade, not aid."

But this much is now clear: Policy will be much more in the hands of the Treasury Dept.—with an assist from Commerce—than it was under Truman. The State Dept. will play a smaller role.

Here's the reasoning: At Treasury, Secretary Humphrey has W. Randolph Burgess, a recognized authority on foreign financial matters as well as internal debt management. State's Dulles, who isn't much interested in economic affairs, has taken on no one with stature in that field.

in Czechoslovakia and Poland, are now paying the price for Soviet economic planning. They have lost the eight-hour day and get no added pay for the extra hours they work. Unions are now forbidden to interfere in wage problems. And they are held legally responsible, along with plant managers, for reaching production quotas.

III. Spur to Collectivization

The shortage of industrial labor in the satellite countries has also had a direct effect on the agricultural picture. It has led the Soviet planners to step up the pace of forced collectivization.

Up to 1952 the satellite governments did not push collectivization very hard, except in the case of Bulgaria. Now, however, Moscow has ordered a speedup in the entire satellite area. Since the satellite middle classes have long since been absorbed into the industrial working force, the village is the last remaining source of industrial labor.

The first step, just as it was in Russia in the late 1920s, is to be the liquidation of the kulaks, or independent peasant farmers. The definition of a kulak varies from one satellite country to another. In East Germany a kulak is defined by the Communists as a peasant who owns 50 acres or more and employs hired hands. In Czechoslovakia and Poland, 25 acres plus hired hands qualifies a farmer for expropriation.

• **The Bite**—Probably 25% of the East European peasantry will be engulfed in a liquidation process that is now under way. Since a former kulak and members of his family cannot join a collective farm, they will have no choice but to become industrial workers.

It's almost certain that the liquidation of the kulaks will lead to the worst food shortage Eastern Europe has seen since the end of World War II. In this area, a kulak farm is normally the most productive unit of agriculture. Moreover, when it disappears, so will what's left of the free market in food.

However, the liquidation of the kulaks in Eastern Europe probably won't lead to a widespread slaughter of livestock and a destruction of farm machinery, as forced collectivization did in the Soviet Union. The Communists already have established a tight police network in the villages to check on the kulaks. Even so, there are bound to be heavy losses as the kulak farms are merged into either collectives or state farms.

Actually, the food crisis has already begun in Eastern Europe. In part, it's a result of last year's drought, and in part a result of collectivization. In Polish Silesia, Slovakia, and Saxony,

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BUSINESS ABROAD

The Satellites Are Getting out of Line

● Worker resistance to Moscow's high-handed methods of forced industrialization and collectivization is spreading throughout Russia's East European satellite countries.

● It's showing up in the slow-down and sabotage of industrial production, and in a food shortage.

● This unorganized resistance won't overthrow the Russian masters, but it's giving the U. S. a brand-new weapon in the cold war.

Moscow's East European satellites are in the midst of an economic and social crisis. Storm signals went up a few months ago, with a political purge in Czechoslovakia and violent government shake-ups in all the satellites. Now there is unrest among Czech and Polish industrial workers and among the peasants of all the satellites.

Not that Stalin is about to lose his hold on Eastern Europe; his control over the puppet governments has never been tighter. But the Russians do have a bad case of what Secretary of State Dulles has called "satellite indigestion"—so bad, Dulles said in Bonn last week, that a firm Western policy could prolong the crisis, perhaps some day lead to the "regurgitation" of Russia's post-war conquests in Eastern Europe.

It looks, however, as though peaceful liberation of the satellites is a long way off, except possibly in the case of East Germany—where Stalin's hold is the most precarious. The rulers of Russia would jeopardize their whole regime if they gave up the other satellites. That's how important the Iron Curtain area is to Moscow, in economic and military terms.

• **Boon to West**—Even so, the present crisis in Eastern Europe is bound to slow down the growth of war industry in the satellites; heavy industry already is falling behind planned targets. And it adds to the political and economic tensions inside Russia.

The satellite purge trials, like the Slansky affair in Czechoslovakia, are only one sign that trouble has been brewing behind the Iron Curtain. There's also popular resistance to the forced-draft industrialization and ruthless collectivization ordered by Moscow. Industrialization under Soviet auspices is destroying traditional workers' rights, especially in Czechoslovakia. Collectivization has been aimed at the peasant farmer, but it has also hit the industrial

worker by interrupting the flow of food supplies.

I. Revolt of Slave Labor

Worker resistance shows up in various ways. The famous anti-Nazi slogan "Work Slowly" is now being followed by thousands of Polish coal miners and Czech steelworkers. Absenteeism is widespread in many industries. Protest strikes and mass demonstrations against shortages have interrupted work in East German and Czech plants. In some places there has been plundering of state food stores.

Here are examples of labor resistance behind the Iron Curtain:

• In a Czech industrial center, the shop steward of one of the biggest steel plants recently threatened the local authorities with an immediate work stoppage if potatoes weren't available for the workers by the following day. When the potatoes didn't arrive, he carried out his threat and the plant was closed down for two days. Because the shop steward was popular with the workers, the local authorities didn't dare arrest him immediately. He was, however, expelled from the Communist Party.

• In Hungary and Rumania there has been sabotage of industrial plants. Arson seems to be the favorite method to hit back at Soviet oppression in these countries.

• In parts of Czechoslovakia, the resistance of industrial workers is reinforced by that of the peasants, and vice versa. In that country you have "metal" peasants—men who work regularly in a steel plant, for instance, but still manage to keep a small farm going.

• Peasant resistance in all the satellites takes the form of hiding grain and potatoes, failure to deliver quotas, and illegal slaughter of livestock. There are reports from Rumania, Bulgaria, and Hungary of bloody skirmishes be-

tween peasants and Communist militia. In Poland, the peasants forced the government to drop its food-rationing scheme by refusing to go along with compulsory delivery of food at fixed prices.

• **Unorganized**—So far, the worker resistance behind the Iron Curtain seems to be almost completely spontaneous and nonpolitical. There's no evidence that the organized antigovernment underground has had much of a hand in it.

In one way, this factor strengthens the resistance; it is less vulnerable to the secret police as long as it isn't directed by the leaders of the political underground in Eastern Europe. But by itself, this kind of resistance will never overthrow any of the satellite regimes.

II. Squeeze on Economy

The resistance in Eastern Europe is the inevitable result of the economic squeeze Moscow has put on the satellites, especially in the past year. There has been a big push to Sovietize both industry and agriculture. For Moscow, this push has had a dual purpose: (1) to extract as much from the satellites as possible in consumer goods for Russia; and (2) to expand heavy industry to add to the military potential of the Soviet.

• **Schooled in Moscow**—The ministerial setup in the satellites is now patterned after that in the Soviet Union. What's more, the heads of the new industrial ministries are men who have had training in Moscow. For example, Julius Maurer, head of the Czech ministry for heavy industries, is a former metalworker who served as a political officer in the Soviet army.

• **The Price**—The satellites are bound to pay a heavy price for the tightening Soviet control of their economy. Even before Moscow had taken over such direct control, Soviet planners had been responsible for glaring economic mistakes. For example, it came out in the Slansky trial that the Russians had ordered the rebuilding of four perfectly good blast furnaces in Czechoslovakia.

• **New Targets**—Along with this streamlining of Soviet economic control came an upward revision of all production targets. The higher goals were set despite the existing shortage of industrial labor throughout the satellite area. This labor shortage had already been aggravated by growing demands for manpower from the satellite armies.

Thus the industrial workers, especially

break that the Bureau of Internal Revenue provides for WHTC's (BW—Dec. 27 '52, p. 66). The Jervis B. Webb International Corp. was set up to handle Webb sales in the rest of the free world. Edward W. McCaul, sales manager of the parent company, is president of both companies; Morrison is general manager.

• **Pushing South**—After a good deal of market research, Webb decided to tap Latin America first. Later the company expects to export to Europe, the Middle and Far East—but it won't push sales in those areas until its Latin American operations get rolling.

Morrison's first job was to find qualified sales representatives—no easy task since they had to be competent mechanical engineers—to handle the Latin American end of the show.

Morrison contacted McGraw-Hill International Corp.'s Trade Counsel Service, which supplied him with a list of prospective distributors. He also checked personal acquaintances in the exporting business and the Dept. of Commerce. Then he weeded out the list by checking with banks, commercial attaches, and businessmen in each country.

• **Personal Interviews**—At this point, Morrison flew to the Caribbean and to Central and South America for personal conferences with the potential representatives. When he found a suitable one, such as Gustavo Calleja in Cuba, he signed him up.

Morrison signed up representatives throughout the Caribbean area and in every country in Central and South America, except British Honduras, Paraguay, and Guatemala. Although he got a luke-warm reception in Bolivia and Argentina, he chose representatives there anyway since market prospects looked good.

• **Training Course**—All the men Morrison selected are full-fledged engineers. Some of them already represent other U.S. companies that don't compete with Webb. But no matter how much engineering and sales experience they have, all will go to Detroit for a course in estimating and installing Webb conveying systems.

Morrison now feels that Webb is on its way in Latin America. The expanding industry that he saw in many of the countries will need conveying equipment. And since there are no local companies making the kind of systems Webb turns out, the field is wide open.

• **Business**—Webb doesn't predict what volume it can expect from its export operations, since it does a custom business. But since it started its push last summer, it has picked up \$500,000 worth of export orders.

Morrison admits that the dollar shortage abroad may delay payment for these jobs, but is sure that the cash will

be paid eventually. The company feels that by helping dollar-short countries now, it is assuring its own market in the future.

BUSINESS ABROAD BRIEFS

Tokyo Stock Exchange hit by a wave of wild speculating—with daily trading soaring from about 5-million to 18-million shares in the past few weeks—closed down Monday to save brokers and clerks "from physical collapse."

Volcanic power is being considered by volcano-laden, but power-poor El Salvador. Two Italian technicians who worked on the volcanic power project at Florence, Italy, have made preliminary investigations and report excellent possibilities. The Florence project produces 150,000 kw. a year.

Britain is making available to the World Bank £60-million (about \$168-million) for lending to sterling-using Commonwealth nations.

Colombia's electric power capacity will go up by more than 50% next spring, according to Carlos Kebe, supervisor of Westinghouse Electric International Co.'s operations there. Reason: At that time three new hydroelectric projects will be completed at Lebrija, Anchicaya, and Balsora under a \$8.5-million World Bank loan.

Paris in the spring: France is out for more U.S. tourists this year. The Government Tourist Office is about to start a big advertising campaign with four-color ads in U.S. magazines and Sunday supplements. Some of the ads will be joint efforts with the British Travel Assn. to get visitors to cross the channel before or after Coronation festivities.

Australia's Dept. of National Development has published an extensive, 500-page survey of Australian manufacturing industries. Main conclusion: For some time to come Australia must continue to plug basic industries.

British European Airways—largest in Europe—figures that its annual traffic will be upped by 40% when European tourist fares go into effect in April. At that time 90% of BEA's European service will be available at tourist rates, averaging 20% below normal fares.

Applied Research Laboratories, Glendale, Calif., maker of spectrochemical equipment for the analysis of metal alloys, has completed arrangements for setting up a branch at Lausanne, Switzerland.

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For full information about the British Industries Fair, business men are invited to write or telephone their nearest British Consulate, or Commercial Dept., British Embassy, Washington, D. C.

there have been acute shortages of bread and flour and of meat and fats. Czechoslovakia will be hardest hit when the food shortage really pinches.

IV. New Weapon for U.S.

There is no way to tell yet how serious this satellite crisis will get. Undoubtedly, the Kremlin anticipated plenty of opposition to its particular brand of "social engineering." It has had long experience in Russia itself

with the social consequences of forced industrialization and collectivization. But apparently, the Russians underestimated the difficulties they would face, especially the opposition from the workers and peasants, who were to provide the social base for the "peoples democracies" of East Europe.

This Soviet miscalculation gives the U.S. a real opening to encourage further resistance behind the Iron Curtain, and to keep Moscow in a perpetual state of indigestion there.



EXPORT-MINDED manager of Jervis B. Webb Co.'s overseas interests, William Morrison (left), signs up Gustavo Calleja as company representative in Cuba.

Going Abroad for Business

Detroit manufacturer of conveyor systems sees a big new market for its products, as free world countries surge ahead in their industrial expansion.

More and more U.S. companies are taking a closer look at the export business as a way of increasing their markets. One reason: While 1952 was a year of big sales for most corporations, high costs and high taxes brought their retained earnings to a postwar low (BW—Feb. 7 '53, p28).

One company that has decided to build up a market abroad is Jervis B. Webb Co., Detroit designer and maker of conveyor systems. Webb, one of the biggest in its field, has two manufacturing affiliates—the Jervis B. Webb Co. of California and the Jervis B. Webb Co. of Canada, Ltd.

• **New Fields**—Until last spring, exporting was the weak link in Webb's chain of operations. The company had sold enough conveyor equipment in Britain to maintain a resident engineer there, and its systems were used in many other

countries. But most of the Webb equipment abroad had been purchased by U.S. companies for their overseas operations; no real effort had been made to push sales abroad.

Last year, Jervis C. Webb, son of the company's founder and now president of the Detroit company, decided to give Webb's overseas business a push. To do the job, he brought in William C. Morrison, who had been in the export business for 20 years—as Latin America export director for Kaiser Frazer Corp., and at one time chief of the world trade section of the Detroit Board of Commerce.

When Morrison joined the company, Webb set up two subsidiary export corporations. The Jervis B. Webb Americas Co. was formed to handle all foreign sales in the Western Hemisphere, and to get in on the special tax

is to drag out the dead bull at the end of each fight.

Most powerful of all, of course, is the matadors' union. Their agents are tough when it comes to bargaining. Big pay or no fight, they say. Big pay can run as high as \$21,000 an afternoon.

The matadors have a well-heeled treasury, estimated at upwards of \$500,000, as a backstop. Two fights a year are held with all receipts going into the union till. Since Plaza Mexico's 50,000 seats run from a top \$100 at ringside down to under a dollar in the sun, the benefits are substantial.

Bullfighters have high expenses, though. They maintain a special hospital and special surgeons, since every professional gets gored at one time or another. There are also pensions for aged matadors who failed to save any money, and for widows of matadors who weren't fast enough on their feet.

Four-Nation Swap Gets U.S. a Beef Bargain

Don't be surprised if your wife comes home with sirloin steak at 39¢ a lb. and rib roast at 29¢ over the next few weeks. Such mouth-watering economies are an indirect result of Canada's recent battle with hoof-and-mouth disease.

Some 25,000 tons of frozen New Zealand beef came to the U.S. under a four-nation meat-swapping arrangement. Here's how it worked: Canada's beef has been embargoed by the U.S. because of the animal disease. Britain, however, agreed to take some of it. Then the U.S. promised to buy an equivalent amount of New Zealand beef that normally would have gone to British dinner tables.

• **Price Is Right**—The beef is being sold at various spots around the country. Some of it seems to be moving fast—one Columbus (Ohio) supermarket sold 7,000 lb. in three hours. Behind the rock-bottom price is the fact that New Zealand beef is frozen—never a popular variety in the U.S.—and largely low-grade by Dept. of Agriculture standards. The British and New Zealanders never pay much attention to grades, and you can find plenty of meat eaters who will tell you it's "good tasty beef" regardless.

The New Zealand shipment arrived in the U.S. all at once late last year, has spent most of the time since in warehouses. The fact that it's on the market now, however, probably has little to do with generally declining U.S. meat prices: 25,000 tons are only a drop in the bucket of total U.S. sales. Anyway, it's probably the one-and-only shipment because the embargo on imports from Canada is slated to go off Mar. 1.

WITHOUT Oil

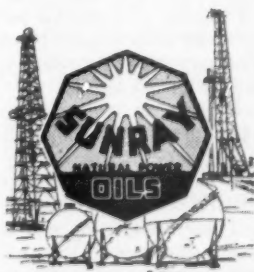


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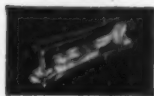
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GORING is one of the hazards of bullfighting. Labor trouble is another. It puts...

Fight Business on Horns

There's no end of trouble in the bullfight business. Not long ago aficionados the world over were scandalized by revelations that right in Spain, citadel of the art, certain parties were blunting the bulls' horns for greater safety. And in Mexico, increasing popularity of wrestling and football is taking its toll. There's television's debilitating effect on the gate, too, though bullring officials have now found out what some U.S. fight managers have figured for a long time—so they've stopped televising major winter-season bullfights.

The latest, unkindest cut of all is labor trouble. Two weekends ago, Mexico City's Plaza Mexico, world's largest bull ring, was cold and empty. At the height of the season, the weekly fight on Sunday was canceled by a strike of the Union of Picadors and Banderilleros. It was a bitter pill for Dr. Alfonso Gaona, impresario of Plaza Mexico, who dropped a cool \$30,000 that day. And though the strike was settled in time for a fight last Sunday, it bodes no good for the future of labor-management relations in Mexico's bullfight industry.

The strikers, picadors and banderilleros, are assistants to the matador, or bullfighter. The pics ride horseback, wielding sharp iron pikes designed to weaken the bull's neck muscles before the matador appears for the kill. The banderilleros take part in another preparatory phase, that of deftly placing bright-colored barbs into the bull's neck. You can't stage a bullfight without

these operatives any more than you can have a football game without guards and tackles.

• **Fight Feud**—The crisis began, innocently enough, a few weeks back when Mexico's top star, Carlos Arruza, was slated to appear in a fight at the Plaza. Six bulls were ready, purchased by Dr. Gaona for a healthy \$5,000 or so apiece. But it was found that, while the bulls were long on pedigree (hence the price), they were short of the 1,000-lb. weight required in the ring. The fight was suspended.

The matadors agreed to accept fight slates later. But the pics and banderilleros scheduled for the fight were out in the cold. So they struck the bull ring, demanded payment for the canceled fight.

Early last week the Mexican government—figuring that any more Sundays without the fiesta brava would be demoralizing and un-Mexican—threw its highest-powered arbitration machinery into gear. After hearings, a board ruled that the strikers didn't rate any pay for the canceled fight. The fact that the bulls weren't up to snuff, said the arbitrators, was an act of God, not the fault of Dr. Gaona. After grudgingly polling its members, the union swallowed the decision and agreed to go on with the fights.

• **Ring Unions**—The pics are only one of four labor unions with which bullring officials must bargain. There's an organization of general ring employees, such as ushers, and the union of the "white monkeys," menials whose job it

negotiations will have no effect outside the textile industry.

Rubber. Contracts between the United Rubber Workers (CIO) and major employers are reopening on wages, but bargaining isn't being taken very seriously at this time. The union has scheduled a wage-policy meeting for Mar. 13, to set 1953 demands. It's probable that real negotiations—and a settlement—may not come until August, after steel.

Meatpacking. It's the same story here. Contracts are reopening on wages, but there is no serious bargaining now. An adjustment probably won't come until about August, as last year.

Electrical manufacturing. Contracts are reopening in March and April on wages, but showdowns aren't likely until agreements run out in the fall. Electrical unions got about 10¢ in raises late in 1952; since then, living costs have gone down.

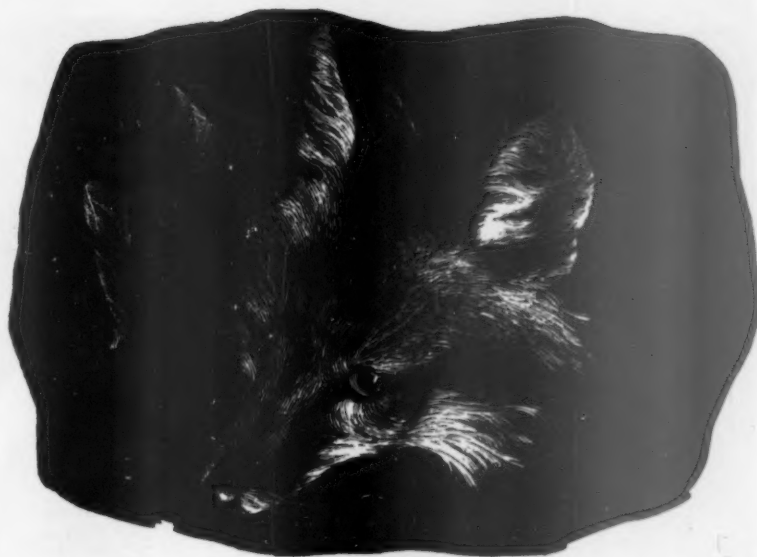
Unless bargaining flares back unexpectedly in these situations, no really important settlements will come before those in steel. This means that the end of wage controls will have no immediate impact in the mass-production, big-employment industries.

• **Question**—It is doubtful, even, that they would have had much of an impact in any circumstances. There is serious doubt that wage stabilization actually "controls" increases (chart, page 132). During the past 12 full-employment years there has been little difference between government-regulated increases and uncontrolled, negotiated increases. The effect of wage rules has been more to set a floor under wages—one that rises with living costs—than to put a ceiling over them.

The most immediate impact of de-control will be on the 9,250 wage cases that had been gathering dust in Wage Stabilization Committee files.

• **In the Clear**—Under the executive order issued by President Eisenhower one week ago, all wage adjustments pending before WSC are now approved. They can go into effect immediately, and can be made retroactive.

Blanket approval of all the pending wage petitions isn't expected to raise stabilization problems, although substantial sums may be involved. Stabilizers say that most of the increases would have been approved, eventually, even if controls had continued. WSC and earlier wage boards approved 83% of 134,000 applications for wage adjustments during two years of stabilization. The government bodies O.K.'d most of the amount of negotiated or proposed increases in almost all of the remaining 17% of cases.



Just How Clever Is a Fox?

According to fables, the fox is a cunning animal, constantly thinking up new tricks to outwit those who pursue him. But hunters and trappers who really know the creatures say they are easy to catch, displaying intelligence which is actually inferior to that of many other animals they have observed.

There are many beliefs which, like the fox legends, are accepted as truth by those who never question what passes for ancient wisdom. Among such beliefs is the idea that certain kinds of metal pieces must always be cast, or must always be cut from solid, simply because that's how they were made in the 19th century. The fact is, in most cases modern press methods will do the job better and cost less.

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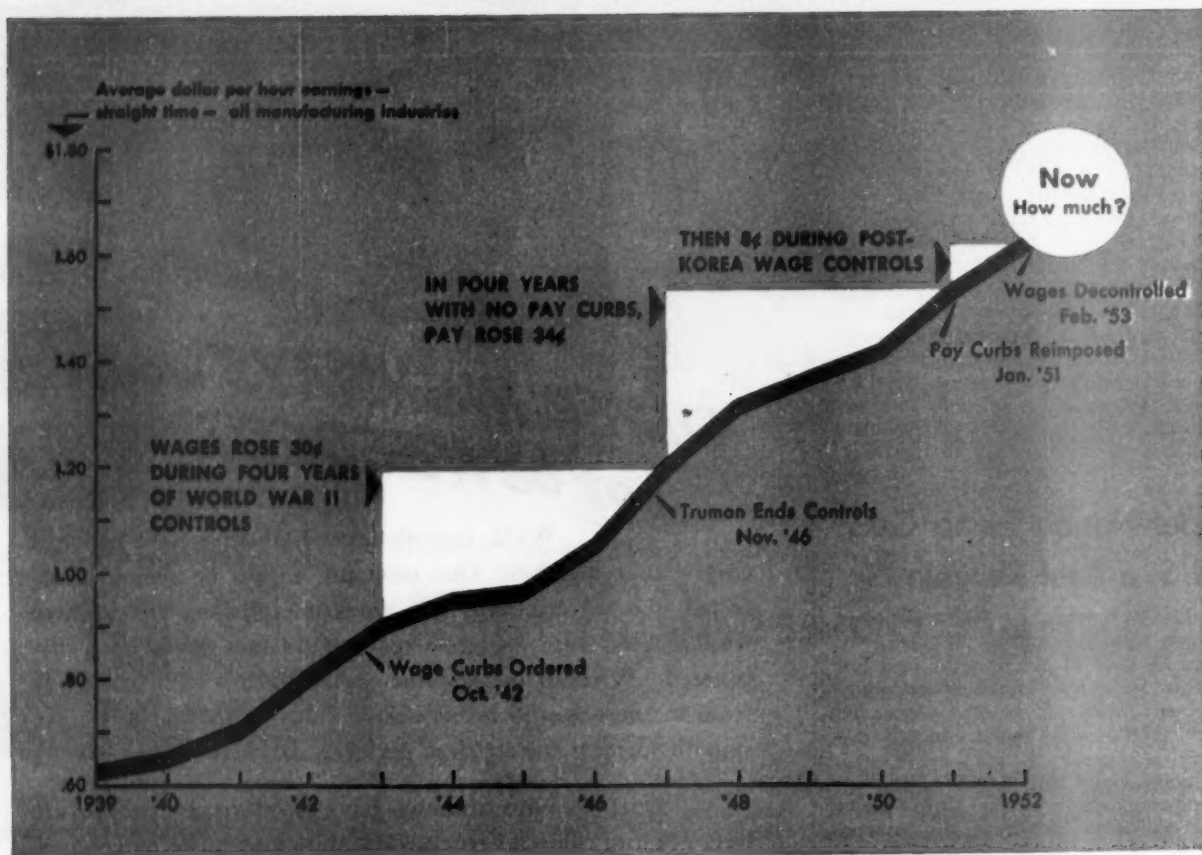
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LABOR



EVEN WITH CONTROLS OFF . . .

Wages Won't Skyrocket in 1953

Will wages climb faster now that controls are off?

And must forecasts of a relatively peaceful labor year be revised?

The best tentative answer to both questions is: probably not.

Earlier forecasts that this would be a "pretty good" year in strikes weren't based on any effects of the enfeebled wage control program.

Wages Only—The point was this: 1952 piled up more days of strike idleness than any year since record 1946; the principal bargaining this spring and summer will be over wages—with comparatively few complicating secondary issues to cause tension.

This is still true.

True, the confusion resulting from last week's abrupt end of wage controls may lead to a scattering of small strikes.

Some employers who went along with union demands for over-ceiling raises—counting on stabilizers to pare down the negotiated amounts—may

now balk. If they do, strikes threaten.

Groups of workers who had negotiated raises that were later reduced by stabilizers may demand that employers begin paying the full amount—possibly retroactively.

The psychological effect of the termination of controls may bring some new pay demands; rank-and-file pressure may force some labor leaders to capitalize on what appears to be a new opportunity to go after pay boosts.

In such ways as these, decontrol might set off a wave of small walkouts, but it is unlikely to have any real effect on pattern-making bargaining scheduled this year. Steel negotiations in a July 1 wage reopening will be the first of major importance; they will not be affected one way or the other by the end of wage controls. Nor will decontrol have any impact on Walter Reuther's efforts to get the auto industry to reopen long-run contracts because of the changed cost-of-living index.

Timing—The fact is, wage decontrol could hardly have come at a better time, as far as wage pressures from large pattern-setting unions are concerned.

Unless there is a reversal in price trends now that controls are off, there will be minimum union pressure for raises. Further, no current negotiations appear likely to end with a sizable wage increase—of the sort that would set off a wave of union demands.

Take a look at the scattered bargaining now going on:

Autos. The United Auto Workers (CIO) is really asking for only a 1¢ increase in UAW's present 4¢ annual-improvement-factor raise. The other issues do not involve an actual increase in pay.

Textiles. The Textile Workers Union of America (CIO) is trying to block a wage cut in the woolen-worsted segment of the industry, and is seeking to win back 8½¢ cut from wages in cotton mills after a 1952 arbitration. But these

corps of 150 organizers, both paid and volunteer, to the job—part of a new nationwide campaign to bring 150,000 cabbies into the teamsters.

• **Widest Contacts**—In the long run, Beck's rise to a top rung in the union hierarchy may prove more important than the new prominence of George Meany in the AFL, and Walter Reuther in the CIO. The teamsters' union is the most strategically placed U.S. labor organization, and the one that touches most employers. It is also one of the most powerful—and has an even greater potential influence.

Beck is the first new boss the 1,250,000-member union has had since 1907, when Daniel Tobin was first elected. At that time, Beck was a boy of 13, whose mother worked in a Seattle laundry. Under Tobin, the union grew from an organization embarrassed by a \$1,000 deficit to its present numerical strength—and a \$26-million treasury; Beck, growing with the union, contributed a lot to the expansion.

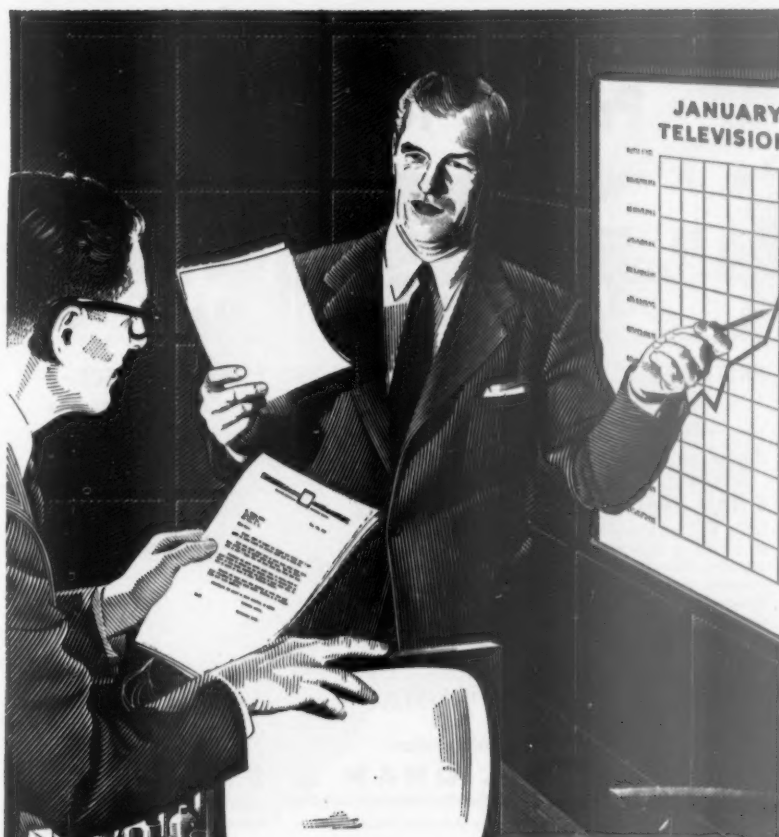
• **Responsibility**—With Beck as president, and with national headquarters moving from Indianapolis to Washington, what is ahead for the teamsters? What are Beck's plans? Simply this: to achieve for the union and for himself on a national scale the same success, power, and civic recognition that he developed over the years in the West. He will use the same businesslike methods that proved successful out there.

This means tough, aggressive organizing, using young and determined unionists; a fetish for observing contracts and hating strikes; a sense of responsibility for keeping business good and employers prosperous; and a recognition that labor should play an influential role in civic affairs.

• **Faith**—Basically, Beck is a businessman. He shows as much interest in the success of the trucking industry as most trucking executives. Like John L. Lewis, he usually knows more about his industry than the average executive. He has an unlimited confidence in its future.

Beck will fight on the industry's side in challenging the railroads. His first trip to the White House to see President Eisenhower was with trucking executives. They asked the President to take regulation of motor carriers out of the Interstate Commerce Commission, which was set up to regulate railroads, and to place it in a new agency for trucking only. Eisenhower, who wants to reduce the number of federal agencies, promised nothing. Beck was not upset.

• **Politics**—The teamsters' leader won't say he favored Eisenhower's election, but he did try to persuade AFL and the teamsters not to endorse Stevenson. He has voted both Republican and



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BW-2-14

LOOK FOR THE *Cockletone* WATERMARK



Dave Beck, new president of teamsters' union, is gaining stature in AFL. Is he . . .



The Man to Clean Up New York Docks?

Last week's developments on New York's racket-ridden waterfront shoved the new president of AFL's Brotherhood of Teamsters into a dramatic role. Dave Beck, who took over the office last December, looms as the strong man to clean up a situation AFL feels is giving all labor a black eye.

AFL's executive council gave the International Longshoremen's Assn. an ultimatum to clear itself of "crime, dishonesty, and racketeering" (BW-Feb. 7 '53, p114). If ILA doesn't do it by May 1, AFL may oust ILA and draft Beck and the teamsters to take over on the docks for AFL. That would be cer-

tain to set off a long, rough struggle.

Such a prospect doesn't worry Beck; he's accustomed to taking on big jobs. This week, for instance, he opened a drive to unionize New York City's taxi drivers—something CIO's Michael Quill and even John L. Lewis haven't succeeded in doing. Beck will assign a

trying to bargain on a national basis, or industrywide. Beck considers trucking to be a regional or local industry, and to require bargaining on such a basis. But because some over-the-road agreements are negotiated with groups of employers covering many states, Beck will oppose any attempt to curb regional bargaining.

Otherwise, Beck probably will confine his testimony at Taft-Hartley hearings largely to one issue: the secondary-boycott curb. He contends that his union—or any other—should be allowed “to follow a product from manufacturer to consumer,” in organizing and in applying economic force.

Beck agrees that a union has no right to strike or boycott in a jurisdictional dispute.

Beck sees business prosperity and good wages ahead—in trucking at least—for another year or so, especially on the West Coast. Even if business drops, he feels that the teamsters can remain strong much longer than other unions; his union has contracts with thousands of employers covering small and diversified groups. Where the big industrial unions have thousands of members in a plant, the teamsters have only a handful to be hurt by a shutdown.

• **Unity**—The pink-faced, blue-eyed Beck sees no reason why CIO can't return to AFL “to the benefit of all labor, industry, and the country.” The teamsters have only one major conflict with CIO, over brewery workers. Beck doesn't think there would be any trouble ironing that one out. He would also like to see Lewis lead the United Mine Workers back into AFL.

Beck doesn't plan to take a personal hand in unity efforts. He is leaving that to Tobin, who as president-emeritus draws the same \$50,000-a-year salary as Beck and continues as a member of the AFL executive council.

The teamsters' union has rented space in the new building of the National Assn. of Letter Carriers, just a few blocks from the Capitol in Washington and will move there after 50 years in Indianapolis.

The Pictures—Cover by Herb Kratovil. Richmond Brittingham—99 (ctr., bot.); Engineering News-Record—50 (ctr.); George Harris—152; Insurance Co. of Texas—138, 139; Int. News—32 (ctr.); Keystone—26; Herb Kratovil—66, 67, 70 (lt.), 74, 146; McGraw-Hill World News—130; Edith Miller—28, 29; Ransdell Photos—134; United Press—32 (bot.); Lewis P. Watson—50 (top); Wide World—30, 32 (top), 104, 108; George Woodruff—84, 85, 86, 87.



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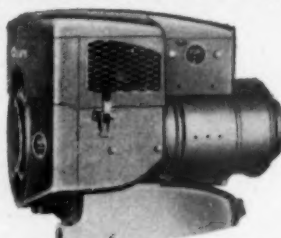
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Bridgwater way—with prompt, reliable and economy-wise sub-contract machining.



Democratic, and is a close friend of Republican Gov. Earl Warren of California and Democratic former Gov. Mon C. Wallgren of Washington.

Beck does not believe in tying himself closely to any political administration. He will work more with industry than with politicians in trying to influence Congress and administrative agencies in the best interests of the trucking industry and the teamsters.

• **Framework**—More than on anything else, Beck counts on good structural organization as a means to get things done. The teamsters have 30% of their total membership in the Western Conference, formerly headed by Beck.

Beck achieved this organizing success by setting up trade divisions and by attracting into them groups of workers already in other unions. Now Beck is setting up the same organizational structure nationally—dividing the union into 14 national trade divisions.

Tom Flynn, a veteran in the teamsters, heads the over-the-road drivers, and Lou Haskins the cannery workers. Most of the other division heads haven't been named yet. Beck will select them, and all will be responsible to him. Each division will have a staff of \$20,000-a-year organizers.

Beck will have four assistants, in charge of the four regions of the country. They will coordinate activities of trade-division organizers.

• **Expansion**—Through concentrated organizing, Beck hopes to reach a goal of 3-million teamster members in 10 years. If the program works as well nationally as Beck made it work in the West, the goal may be reached much sooner.

Beck has other plans for the teamsters. He has assigned David Kaplan to head a statistical division that will collect and analyze teamster agreements, develop comparative wage data, and prepare other economic material useful to the teamsters. Beck considers Kaplan—who had been working in just the New York area—to be "one of the ablest economists in the country—bar none."

He is also setting up a legal and legislative division to coordinate work of 35 teamster attorneys and legislative agents around the country. The aim is more joint action on union problems. These problems include state legislative action on labor and transportation—for example, the ton-mile tax on trucking, against which the teamsters fight shoulder-to-shoulder with industry.

To Beck a contract is a binding agreement, guaranteed by his word. He has long been admired by Western Conference employers for his responsibility—which includes a distaste for strikes. This policy will now be carried over into other regions.

• **Localized, But**—He has no idea of



Insurance Co. of Texas.



1 Unionist Marcus Winston reads his notice of the stockholders' meeting . . .



4 Back home, Winston reports on the meeting, tells his fellow workers how they can benefit by buying more insurance from their own company.

Its Own Insurance Business

(limited to 500 shares each) and 25,000 union members individually (with holdings of up to a 250-share limit).

• **Labor Rules the Roost**—A few of the outsiders were present at the annual stockholders' meeting, fortified with proxies. But the meeting was largely a labor meeting, in labor language, and the outsiders had little to say.

One stockholder, for instance, wanted to know when ICT would build its planned \$1-million home. Cage said it would be three to five months more, plans are still being drawn. Then came a firm demand: The contractor selected must be a friend of organized labor, and must use union workmen. Cage said "that can be arranged."

Another asked about agencies to

handle business for a new subsidiary, ICT Discount Corp. Would there be enough of them available? There ought to be, another stockholder answered; his carpenters' local has been getting a lot of applications from prospective agencies.

• **Untapped Market**—Another wanted to know why ICT isn't trying to sell policies to union people wherever they are. That took Cage some explaining. ICT can do business, at present, in only 17 states, he said. It plans to expand throughout the nation; it has just added a subsidiary, Continental Union Insurance Co. of Alabama.

Right now, he said, there are 400,000 union members in Texas, spending an estimated \$200-a-year each on

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The stage is set for the stockholders' meeting of the union-owned



2... He asks questions, makes suggestions, gets answers during the session.



3 President BenJack Cage (right) gives a few more details.

How a Texas Union Runs

A meeting of Insurance Co. of Texas stockholders in Dallas two weeks ago looked about like any other stockholders' meeting—but there was a difference. Of the 200 present, most were union members. ICT is a labor-owned company, an educational project that has outgrown its original purpose.

Unions assumed control of ICT, then a small regional insurance firm, in September, 1951 (BW-Sep.15'51,p157). They took it over with the idea that owning corporate stock would help union members understand management's role. At the same time, ownership of an insurance company would be practical: Most union people buy insurance. This way they would be able to buy it from themselves.

• **AFL Backing**—The Texas State Federation of Labor (AFL) was a prime backer of the project, even though parent AFL expressed serious reservations about the use of union time and influence in stock-selling activities. That opposition is still a matter of some concern; ICT's president, BenJack Cage, told stockholders two weeks ago that officers "hope the company [will] never be damaged from within," presumably by withdrawal of union support.

Unions took over ICT by buying two-thirds of its \$200,000 capital stock; in 16 months since then, the company's capitalization has risen to \$600,000, with slightly more than two-thirds of 140,000 shares held by 230 AFL locals



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● **Typical of these benefits** are the results reported by the plastics and aircraft divisions of The Briggs Manufacturing Company of Detroit, Michigan. This vast organization is the largest independent builder of automobile bodies. It also manufac-

tures Briggs Beautyware plumbing supplies and parts for military planes.

● **"COLOR DYNAMICS** has given us plant areas of which we are very proud," comments W. O. "Spike" Briggs, Jr., executive vice-president of The Briggs Manufacturing Company. "It has made our plastics and aircraft divisions attractive and colorful places that have improved both the efficiency and morale of employees. Our workers are actually so proud of their surroundings that they are constantly striving to keep them spotless, thus simplifying our housekeeping."

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developed a set of principles which make it easy to select the right colors for every purpose. *Focal* and *eye-rest* colors lessen eye fatigue. *Morale-building* colors prevent mental depression. *Safety* colors guard against dangerous accidents.

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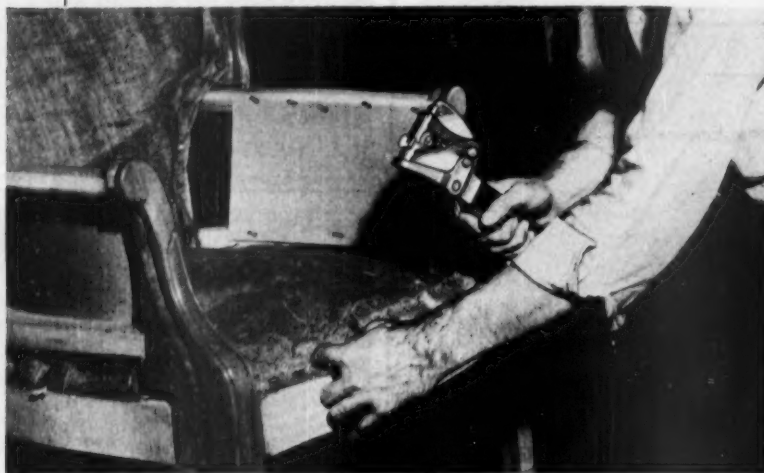


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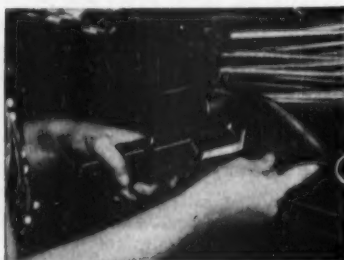
PITTSBURGH PLATE GLASS COMPANY

BOSTITCH CUTS COSTS ALL ALONG THE LINE



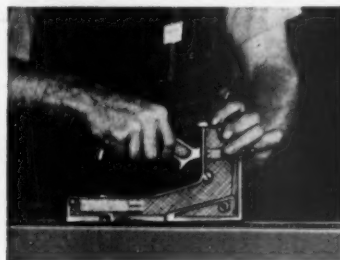
"Knocks $\frac{2}{3}$ off our cost," reports a North Carolina furniture manufacturer. He's talking about the Bostitch H2B Hammer. On this upholstery job, it does the work of hammer and tacks at about $\frac{1}{3}$ the cost. That's because the one-hand, one-blow, sta-

pling operation is so much faster. The upholsterers like it, too—no more mashed fingers, no sore tack-filled mouths. Manufacturers and contractors in other fields report equally impressive savings when they switch from old fastening methods to Bostitch.



From \$9 to \$2 a thousand! The same furniture manufacturer was using tags with pins attached for labelling upholstery samples. Now, tags without pins are fastened with a Bostitch hand stapler. The savings are substantial—\$7 a thousand on tags alone. The job gets done 50% faster. And the girls doing the tagging are a lot happier.

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insurance; ICT could get along very well, and very profitably, he told stockholders, on 10% of that business.

Then there are 3.5-million union members in states where ICT now operates, so there's a great potential if even 10% of them can be persuaded that "they have a good reason to buy from (ICT) in lieu of any other company at the same price," Cage said.

• **Savings Angle**—Lewis Tate, past president of an AFL electrical workers' local and now on the sales staff of ICT's life insurance company, described a new savings program for workers, tied in with insurance. And he commented: "Maybe we can't own Cadillacs and summer homes like our bosses . . . but you'll be amazed to see how much fun there is in accumulating money."

A Negro stockholder from Houston urged others to "give the children and grandchildren ICT stock;" he said he's given away 36 shares of stock that way. Another Negro building craftsman said it was important to let workers know "a little one like me—I bought \$138 worth of shares" can own a part of a company.

And so the meeting went on, for nearly three hours. Even what might have caused loud outcries in most other companies—warnings from ICT management that stockholders should expect no dividends for a while—got by without grumbling.

LABOR BRIEFS

Unity talks by AFL and CIO committees, named last week, are now scheduled to open Feb. 24. They will be exploratory only—intended to see if there is now a basis for a merger or for closer cooperation between the bodies.

• **In Hawaii**, the leftwing International Longshoremen's & Warehousemen's Union (ex-CIO) reports new membership gains, to 23,636 in sugar, pineapple, longshore, and miscellaneous industries. ILWU regional director Jack Hall told a Hawaiian convention recently that "steady gains" are continuing despite Smith Act "persecution" of Hall and other leaders charged with plotting to teach violent overthrow of the government.

• **Carl Stellato**, president of UAW-CIO Local 600 at Ford, says every one of the 197 members of his general council have sworn that they have no "Communist, Fascist, or subversive" connections. An anti-Reuther stronghold, the giant local has long been considered a center of leftwing strength and 14 council members were charged with Communist ties by a House committee last year.

PERSONAL BUSINESS

BUSINESS WEEK
FEBRUARY 14, 1953



Any executive with wanderlust who eyes a foreign job today has to face up to these realities:

- Getting on an overseas payroll is generally a lot tougher than finding a new job at home.
- Once on it, there may be difficult adjustment problems for himself and his family.
- If the job doesn't pan out, or if it is only temporary, he may find himself completely out of the U. S. fabric when he gets back. A new job then might be even harder to get.

Most companies with sizable overseas operations look to their own ranks to fill up top and middle management staffs.

That's why it's often extremely tough for an established executive to work into a big overseas setup at his own level. It's not impossible, of course, provided he has some specialized talents needed abroad. But generally it's a lot easier for him to do his job-jumping at home.

Few large companies operating overseas complain of any real shortage of executive timber.

The manpower tightness that exists, and the type that shows up most often in want ads, is in technical help—engineers, construction supervisors, plant production men. And a lot of these needs are temporary; the assignments frequently are one-shot affairs for two or three years on this or that project.

If you succeed in landing a job you want abroad, or are tagged for one by your own company, what can you expect?

With a big company, pay and extra allowances are likely to be pretty well standardized. Policies of smaller concerns tend to be more on a catch-as-catch-can basis. In any event, a certain amount will depend on competition—what the company feels it must offer to get you in the job.

It's fairly common for overseas jobs to pay 20% to 30% more in base salary than comparable domestic slots. That's because most companies feel there has to be some special incentive for a man to shake his U. S. ties.

On top of this, it's usual to add a "post," or cost-of-living allowance to make up for bigger out-of-pocket expenses. (Costs in Rome, for instance, are 41% above those in Washington, D. C., excluding housing. In Rio, they're 25.5% higher.) This allowance may be related to costs in the U. S.—using State Dept. index figures—or may be based on a company formula, tied to a certain comfort level. Salary may or may not be taken into account in the figuring.

Here are some of the other extras that companies may offer:

Hardship allowances. Stations in particularly nasty climates, for instance parts of Africa, may carry a 5% to 10% addition to base salary.

Rental allowances. If housing and utilities costs run over 20% to 25% of salary, the company may foot the bill for the overage—up to some reasonable limit.

Equipment allowances. You may get a flat sum to cover part of your outlay for new clothes and household equipment.

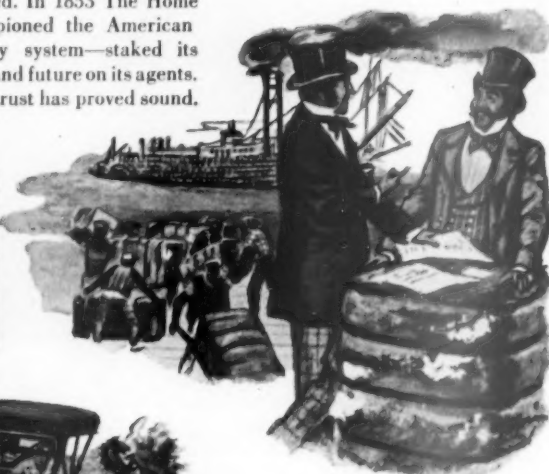
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PERSONAL BUSINESS (Continued)

BUSINESS WEEK
FEBRUARY 14, 1953

Transportation. Companies generally furnish you and your family first-class transportation to and from the post. In most cases, they move your furniture, too.

Vacations. You'll probably get a vacation each year in the foreign country. Every two or three years, you'll get home leave; it may range from two weeks to a month for each year of foreign service. The company usually foots the transportation bill.

Education. If local public schools are inadequate, the company may pay the tuition, or part of it, for private schooling for your children. Where no local schools measure up—public or private—it may pay up to half the board and tuition costs at a U. S. school.

Income taxes—a double dose of them—are one of the things you have to watch out for in any foreign job. It may be that you'll owe a full income tax both to the U. S. and to the foreign country, unless there's a tax treaty in effect.

Earnings of a U. S. citizen for employment abroad are taxed in full by the Treasury unless: (1) You're a "bona fide" resident of a foreign country for at least one tax year; (2) You stay overseas for 510 days during any period of 18 consecutive months. (An employee of the U. S. or its agencies can't exclude his pay, even though he falls in one of these classes.)

Even if you'll be clear of the U. S. tax, it's smart to try to get some tax protection—because of the high foreign rates you may have to pay. (In Britain, for example, the tax on an income of \$10,000 amounts to about \$4,250 for a married man.) Many companies now cover you so that the most you have to pay is what the U. S. tax is or would be; they pick up any difference between that and the actual bill.

If you hold an Army or Air Force reserve commission, it's likely to expire soon. Five-year ORC and Air Force Reserve commissions were extended after Korea. They are now due to run out Apr. 1.

Both the Army and the Air Force have letters in the mail right now offering permanent indefinite commissions to reserve officers. If you turn down the tender, you're completely out of the military service, and the Dept. of Defense has no claims on you. (This does not apply to Navy or Marine officers whose commissions are permanent. Nor does it free Army or Air Force officers whose five-year commissions still have some time to run—in this case, commissions dated after Apr. 1, 1948.)

Whatever you decide to do, you should either accept or decline the tender of the commission in order to settle the matter. If you do nothing, it's just possible that the Army or Air Force might have a claim on you at a later date.

Among people who like their autos country-club style, it's now definitely the hard-top. The old, orthodox convertible is rapidly losing ground.

Ward's Automotive Reports says that in 1952, production of hard-tops hit a record 553,866 units, a gain of 15% over the year before. Against this, convertibles slid off 30%.

One hope for the convertible: the new trend to sports-car styling that Detroit picked up this year.

come out of a long-term loan of around \$30-million it got from insurance companies last October—the company's first long-term borrowing—although it hadn't set up the Florsheim deal then.

Part of the same \$30-million is earmarked for expansion, including a new 70,000-sq.-ft. plant at Bryan, Tex., to process rubber heeling and soling materials. International already has one other heel and sole plant, plus eight tanneries, five sole-cutting plants, a cotton textile mill, and plants making such things as boxes, cement, patterns. These and its 55 shoe factories keep 34,000 employees busy.

• **A Wider Range**—More important than the added capacity International will get with Florsheim is the fact that it will move into a brand-new price field—with a going concern. Since 1892 Florsheim has been very successful with its men's shoes, although it has never done anything spectacular with its women's line, added in 1929.

International's top brand now, the Winthrop, retails between \$9.95 and \$17.95. Florsheim's men's shoes will take it from there; they start at \$17.95, go up to around \$26. This will bring International closer in line with one of its big competitors, General Shoe Corp., of Nashville.

Over a year ago, General, then a low-to-medium-price manufacturer, bought Johnston & Murphy, producer of very high-priced men's shoes (\$24.95 and up). That put General on both sides of International pricewise—until now. If the Florsheim deal goes through, International will get a shot at the low end of the Johnston & Murphy line.

• **Everybody's Happy**—Florsheim—an \$18.5-million family enterprise led by board chairman Irving Florsheim—is just as anxious to sell as International is to buy. Irving, who plays the leading role, is reported to be very ill, and it's said that Harold Florsheim, president, is not especially interested in carrying on alone. There are no younger family members ready to take over.

International is offering to pay \$30 a share for all of Florsheim's outstanding Class A stock and \$15 a share for the Class B, if 85% of the A and 98% of the B are delivered within a month. The Florsheim brothers, who own most of the stock, feel these negotiated prices are reasonable. International, they say, could not have expected to buy such a large percentage at fluctuating market prices.

• **Maker-Seller**—As soon as International takes over, except for coordinating over-all management, it will run Florsheim as an entirely independent operation, under the same management;



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Biggest Shoemaker Gets Bigger

International Shoe Co. will get its first shot at the high-grade market by adding Florsheim shoes to its line of medium-priced footwear.

The news that International Shoe Co., the nation's No. 1 shoemaker, intends to buy Florsheim Shoe Co., Chicago manufacturer of high-grade men's shoes, set the highly competitive shoe trade back slightly on its heels.

Shoe people have known for some time that Florsheim was shopping for a buyer, but they didn't think the taker would be International. For years the \$116-million company has stuck almost solely to making medium-priced shoes, steadfastly refusing to budge up or down. Suddenly, it wants to upgrade its line by adding a higher-priced shoe.

• **A Bigger Share**—The giant St. Louis

shoemaker is obviously bent on fattening its share of the shoe industry, one of the most competitive in the U.S. In 55 shoe factories it turns out 55-million pairs of shoes a year. That's far more than any other manufacturer, and between 10% and 11% of total U.S. production. Florsheim's six factories, including its Chicago Loop plant, which is probably the most modern U.S. shoe factory, will up International's share to more than 11%.

International is offering to buy Florsheim's outstanding stock for \$21-million cash. International's president, Edgar E. Rand, says the money will

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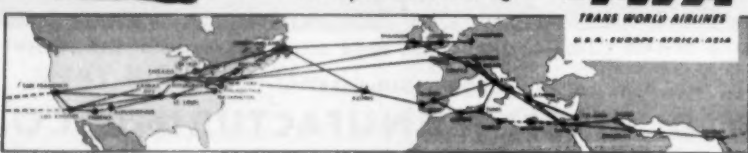
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Irving will still be chairman of the board, Harold president. Headquarters will stay in Chicago, and Florsheim will go on making, warehousing and distributing its shoes just as it did before.

Florsheim distributes its 2.5-million pairs of shoes a year through 5,000 independent retailers and 86 retail stores operated by Florsheim subsidiaries. This fistful of retail outlets will be International's first venture into direct store ownership. Although the company has never owned stores outright, it has been pushing its Shoenterprise Corp., a wholly owned subsidiary that finances independent shoe stores (BW—Aug. 30 '52, p.40). So far, Shoenterprise has helped stake about 240 retailers who, naturally, stress International shoes.

• **Trade Reaction**—All this worries the small shoemakers in the industry. They see the proposed merger as a step forward in the growing trend of the big manufacturers to set up their own stores, or at least to get control of some kind over their retail outlets (BW—Jan. 12 '52, p.126). All they can do, they say, is stand by helplessly and watch their markets shrivel.

Webster-Chicago Votes No Merger with Emerson

The proposed merger of Webster-Chicago Corp. into Emerson Radio & Phonograph Corp. blew up last week as a result of determined opposition from Webster-Chicago employees and a group of dissident stockholders.

A small but growing company making record changers, wire and tape recorders, Webster-Chicago has had unsatisfactory earnings for a little more than a year. In the first 11 months of 1952, it lost an estimated \$367,052.

Recently, two investment bankers on Webster-Chicago's board came up with the idea of merging it into a larger company to provide needed working capital, enhance dividend prospects for stockholders. The two, John F. Bolger of Chicago and Nelson Loud of New York, brought together R. F. Blash, Webster-Chicago's president, and Benjamin Abrams, Emerson president.

• **Split Deal**—Out of this came a proposal that Emerson take over Webster-Chicago, give three shares of Emerson stock for each four shares of Webster-Chicago stock. The deal, approved by directors of both companies, was to go before stockholders of both firms at meetings Feb. 4. Bolger and Loud were to split a \$100,000 fee, get expenses in addition.

Opposition among Webster-Chicago stockholders was spearheaded by Martin C. Remer, another Chicago investment man. He contended that the proposed price was based on the market

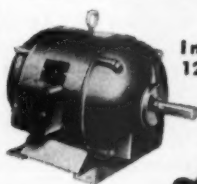


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value of the Webster-Chicago stock, rather than on the higher book value. He argued that Bolger and Loud were to get a fee for performing a service that they should have been willing to do as board members, even though the procedure was perfectly legal.

Employees and distributors lined up with the Remer group. They believed they would be better off if Webster-Chicago remained independent.

Meanwhile, in New York, Emerson directors held a hurried conference in advance of the scheduled Emerson stockholders' meeting. Out of this conference came Abrams' announcement that Emerson directors had decided to drop merger plans because of opposition of "some of the Webster-Chicago stockholders."

COMPANY BRIEFS

Change of heart: Close-mouthed Frito Co., of Dallas, whose salty corn chips have become a party must, is offering stock to the public for the first time. The 20-year-old, family-owned food company will offer 85,000 shares of convertible preferred to the public at \$10 a share plus \$1 commission, 30,000 shares to employees at \$9 a share. It will use the money for expansion.

Georgia-Pacific Plywood Co., one of the big three in plywood production, is moving its headquarters north—from Atlanta, Ga., to Olympia, Wash. The reason: The \$64-million-a-year company has acquired so many wood products operations in the Pacific Northwest that they now overshadow those in the South and East.

Babcock & Wilcox Co., major supplier of boilers for the electric power industry, will double the size of its boiler division in the next 18 months to meet the increasing need for power equipment. It has already opened four new plants in the South and is starting construction on the fifth, in Wilmington, N. C. Employee count will jump from 3,200 to 6,400.

An omen: Irving Air Chute Co., Inc., which started operations in Buffalo 34 years ago as the nation's first chute plant, is closing the Buffalo plant because its government parachute orders have petered out.

From aluminum to TV is just a hop and a skip for Lawrence Harvey, board chairman of Harvey Machine Co., Inc., which is about to become the sixth U.S. producer of aluminum. (BW—Feb. 7 '53, p122). He has just been granted a license to build and operate UHF-TV channel 24 in Salem, Ore.

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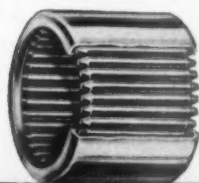
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COMMUNICATIONS



CONSPIRATORS (left to right) Ted Westcott, John Hyatt, Paul Peltason, and Bernard Wilson have been working in secret . . .

Turning an Idea into a TV Station

It started as a tricky scheme with no money behind it. Now it's becoming the second station in St. Louis.

This is a case study of how to start with an idea and nothing else—no equipment, no cash, no backers—and end up a year later with an operating television station in a major market, plus a network affiliation.

Major protagonists in the story are three young radio and TV men from St. Louis: 41-year-old Bernard T. Wilson, radio announcer, producer, writer, and salesman; John I. Hyatt, 36, advertising and promotion man and radio account executive; and Ted Westcott, 41, radio actor and announcer, television director and producer.

These three had nothing but an idea last May. This May, they expect to go on the air with their own station—WTVI-TV, an ultra high frequency (UHF) station with a projected broadcasting radius of 45 mi. Within the circle of this radius live some 2½-million people. Also within it is the whole of metropolitan St. Louis.

• **Sidestep**—The original idea was Wil-

son's. It hit him during the 3½-yr. period when the Federal Communications Commission was refusing to issue permits for new TV stations. By the time FCC thawed the freeze early last year (BW—Apr. 19'52, p27), Wilson's idea had become a definite scheme.

The television situation in St. Louis at that time was this: There was one pre-freeze station operating—KSD-TV, a very high frequency (VHF) station on Channel 5. In addition, FCC had allotted the city six more channels: two VHF and three UHF for commercial broadcasting, one VHF for educational programs.

Competition for the five commercial channels, Wilson knew, would be fierce. It would be no contest for a small-time operator. Moreover, it promised to be an agonizingly long contest. Since St. Louis already had one operating station, the city was well down on FCC's priority list.

The thing to do about this situa-

tion, Wilson decided, was to stay out of it. He had a neat plan for doing just that.

• **Belleville**—Not far from St. Louis, across the Mississippi River in Illinois, is a town called Belleville (1950 population: 32,000). It's shaped like a smoker's pipe, with the stem pointing toward St. Louis. The end of the stem, some 6½ mi. from downtown St. Louis, takes in the high bluffs on the Illinois side of the Mississippi Valley. An ideal spot, Wilson thought, to set up a TV transmitter: Even a comparatively weak signal could cover the whole city from there.

There were two other things about Belleville that delighted Wilson. First, it had no TV station of its own, hence was higher than St. Louis on FCC's priority list. Second—and perhaps most important of all—no one else seemed to have thought of it. Belleville's channel (FCC had allotted it UHF Channel 54) was there for the taking—and nobody was competing for it.

• **Conspirators**—In May, Wilson called on old acquaintances Hyatt and West-

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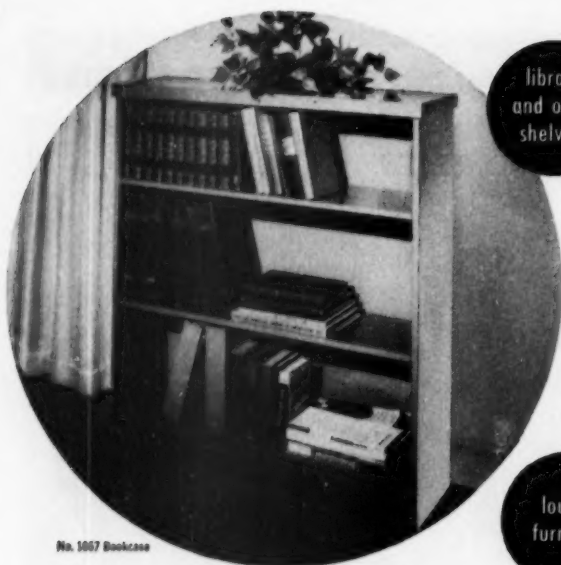
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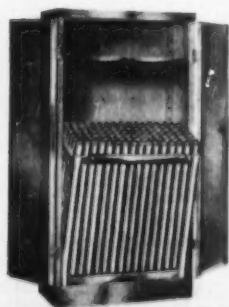
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clues

"... they were afraid to give out any details about their secret ..."

TV STATION starts on p. 152

cott and told them about his idea. They jumped at the chance to work on it with him.

Their adventures over the next few months read something like a cloak-and-dagger story. The three realized that the very value of their idea was that no one else knew about it. They agreed never to talk about it over the telephone, never to mention the Belleville location by name. If competition moved in, it might finish them.

In those early stages, they let only one other man in on their secret. He was John B. Heffelfinger, a Kansas City consulting engineer. Heffelfinger had worked on Radio Corp. of America's and National Broadcasting Co.'s experimental UHF transmitter in Bridgeport, Conn.—the one that was later shipped to Portland, Ore., and became the first commercially operating UHF transmitter in the country (BW—Oct. 4'52, p170). Heffelfinger signed on with Wilson's group as engineering consultant.

• **Finances**—The first big problem was money. FCC wanted to see some—cash, stocks, any liquid assets—before it would issue a construction permit. Banks, on the other hand, wanted to see a construction permit before they would lend any money.

The required amount, as Wilson and his group figured out, was some \$400,000. They had nowhere near that much in their combined bank accounts. The only thing to do was to canvass individual investors.

• **Race against Time**—They started making the rounds in June. That kind of money is hard to raise under any conditions; Wilson and his group found it doubly tough because they were afraid to give out any details about their secret. They wanted it to stay a secret. They could talk only in general terms until they were sure the investor was genuinely interested in their idea. Then, they'd pledge him to secrecy and give him the details.

They got several nibbles, but no bites. June, July, and August came and went. "I think they thought we were three lunatics," says Wilson. "There were too many people going around saying they were going to start the second TV station in St. Louis."

And while time was thus a-wasting, the competition in St. Louis itself was coming to a head. Big money interests there were working fast. Wilson and his group knew that if they didn't hurry, someone else would beat them



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" . . . but it was a kind of harassment that was easy to take . . . "

TV STATION starts on p. 152

onto the air despite Belleville's advantages.

• **The Bite**—On Sept. 17, they finally made it.

Wilson, Westcott, and Hyatt all missed lunch that day. They had a 1:45 p.m. appointment with two St. Louis investment banking partners: Paul E. Peltason and Harry Tenenbaum. The five men talked over the Belleville proposition for two hours. Then, says Wilson, "we shook hands on it right there."

Things moved fast after that. Peltason and Tenenbaum called in their lawyer, H. M. Stolar, and asked him to draw up an agreement. The result was the formation of Signal Hill Telecasting Corp. (BW—Dec. 6 '52, p. 56). Wilson is president and general manager, Hyatt vice-president in charge of sales, Westcott vice-president in charge of programming. Each has 10% of the stock. Peltason is treasurer, Tenenbaum assistant secretary-treasurer. They each have 33.75% of the stock. Stolar, as secretary, has 2.5%.

• **Buildup**—As soon as all that was settled, engineer Heffelfinger went to work on the data FCC was going to want. He was ready less than a month later, and on Oct. 16 Signal Hill filed its application. On Nov. 20, FCC granted the construction permit.

That was the day, Wilson says, when "all hell broke loose." The television set and service market in St. Louis had been pretty slow for some time. As soon as the dealers and distributors found out that a UHF station was coming in (the secret had been well kept), they rushed to Wilson and his fellow conspirators to find out the details. They were all in a hurry. Each wanted to be first in line at his factory for allocations of sets and frequency converters (gadgets that make regular TV sets receive UHF signals).

This avalanche of phone calls and visits harassed the Signal Hill men—but it was a kind of harassment that was easy to take. "At the end of one year," says Hyatt now, "we are confident that there will be 200,000 sets converted." Adds Wilson: "It looks as though another commercial VHF channel is a very, very long way from St. Louis. Suppose it's a year and a half or two years away. A UHF station by then will have as many potential listeners as any VHF station. I don't think VHF will be a problem by then."

• **Equipment**—Even after this vote of confidence from the dealers, Signal

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"... that same night, they got a phone call from Graybar ..."

TV STATION starts on p. 152

Hill's problems were far from over. The next job was to get hold of a UHF transmitter. To that end, Wilson and Hyatt boarded a train for New York. This, Hyatt says, was the "big pitch."

From the start of their planning, the three had determined to settle for nothing less than a high-power transmitter. They wanted their signal to come in strong and clear throughout their potential market area. Their goal was a 220-kw. transmitter. But all UHF equipment is hard to get; delivery dates are way up—and high-power equipment is hardest of all to get.

In New York, Wilson and Hyatt talked with General Electric Co. and RCA. Both companies could promise early delivery only of low-power transmitters.

• **Taker**—Then they decided to try Graybar Electric Co., Inc., national distributor for Federal Telecommunication Laboratories—a division of International Telephone & Telegraph Co. A Graybar representative had talked with them on the train, and had held out a small hope that his company might have what they were looking for.

It did. They talked with James W. LaMarque, Graybar's executive vice-president. LaMarque had long been trying to get Federal interested in high-power UHF equipment, but without much success. He sent Wilson and Hyatt over to see Federal's top brass in Nutley, N. J. They talked for a long time. Finally, Wilson and Hyatt went back to New York while Federal thought it over.

That same night, Wilson and Hyatt got a phone call from Graybar. Everything was set. Federal had decided to get a special project under way, hoped to deliver a high-power transmitter some time in May. (Signal Hill is still aiming for the May 1 air date. "If we kill ourselves," says Hyatt, "we'll make that date.")

The contract with Graybar—a package deal that includes transmitter, cameras, tower, and other electronic equipment—totals \$331,000. It was signed less than a week after FCC had issued the construction permit.

• **Network**—One major job still remained. That was to get a network affiliation. Through December and January, the Signal Hill men worked hard and talked fast. They traveled to New York, made countless phone calls. Finally, this week, it was announced that they had signed on with the DuMont Television Network.

KEEP "clues" in MIND WHEN LOOKING FOR:

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- Special Business Service

BUSINESS WEEK

Classified Advertising Division 330 W. 42nd St.—New York 36, N. Y.

**Thomas
Jefferson**

*on popular
sovereignty*

I know no safe depository of
the ultimate powers of society
but the people themselves;
and if we think them not
enlightened enough to exercise
their control with a wholesome
discretion, the remedy is not to
take it from them, but to inform
their discretion by education.

(Letter to W. C. Jarvis, 1820)



Artist: John Atherton

CONTAINER CORPORATION OF AMERICA



The State of the Union

The most dramatic news in President Eisenhower's message on the State of the Union emerged in the new and positive approach to foreign policy.

In contrast, that part of the message devoted to domestic issues failed to get a full share of the headlines. There was no sensation, no real drama in this program, primarily because the President repeated, item by item, the pledges he had made during the campaign. But that does not mean that the policies he outlined are any less positive than in his approach to foreign affairs.

Middle-of-the-Road Approach

Indeed, the President's proposals add up to a conservative, middle-of-the-road approach that represents a clean break with the immediate past. The extent of the break is reflected in the fact that he made balancing the budget the first order of business. It is his firm conviction that ending deficit spending, not tax reduction, should receive top priority. Tax cuts, he declared, must wait until the budget is balanced and inflation checked. Moreover, he emphasized the need to reduce the enormous floating debt, which is now edging close to its legal limit.

These policies reflect a sound money, sound fiscal policy viewpoint that is a welcome change. Their implementation will be gradual, but the pattern of action is clearly defined. Wage and price controls will be allowed to lapse without any standby authority that would permit their reimposition. As for materials controls, they, too, will end, except for those scarce and strategic items essential for national defense. The accent is on the integration of indirect credit controls and individual initiative. Accordingly, the President expects that the Treasury and the Federal Reserve will conduct their policies with the single purpose of stabilizing the economy.

The Main Objective

Stabilization is, in fact, the main objective. As such, it appeals to common sense rather than emotion. It is not the kind of goal that kindles fires of enthusiasm among voters. There is nothing very exciting about an attempt to place the economy on an even keel. There isn't much political sex appeal in the enunciation of policies that call for sound and sober measures of good housekeeping after 20 years of an extravagant spree.

This down-to-earth approach cannot be boiled down to a catch phrase, like the New and Fair Deals. But what it lacks in glamor it makes up in substance. The President deserves full credit for resisting the temptation to make political capital with eloquent but empty promises that raise false hopes throughout the nation.

In refusing to employ the pie-in-the-sky technique that was a favorite executive device in the recent past, he demonstrated a sense of honest responsibility that was, in itself, another significant change.

The fundamental honesty of his attitude was also evident in his refusal to condemn existing legislation merely because it was sponsored by his predecessors. Instead, he kept faith with his campaign pledge to consider every issue on its merits. His chief concern was not party politics, but policies that promoted and fulfilled the general welfare.

This realistic yardstick led him to chart a precise course of action. He recommended extension of the reciprocal trade program which will complement our foreign policy. He called for a retention of Presidential reorganization powers, which he will use to streamline the executive and cut away the dry rot of bureaucracy. He declared himself in favor of maintaining the present farm price support program. He asked for a review of the McCarran-Walter immigration act, which, he noted, discriminated against some aliens. He would like social security provisions extended to millions not now covered. He would continue federal aid to education where it is needed. And he seeks amendment of the Taft-Hartley act so that it will gain the full support of both labor and management.

No Easy Road

The new Administration, then, is intent on preserving the good of the past while it goes about the stupendous job of setting the nation's house in order. We support this approach because it squarely faces the problems at hand. It is a sound, common-sense program that takes first things first and makes no bones about the magnitude of the task. For its soundness alone does not insure its success. The dizzy excesses of the last 20 years make any attempt to stabilize the economy extremely difficult.

In describing the intricate and complex task involved in balancing the budget, President Eisenhower himself remarked: "Permit me this one understatement: To meet and correct this situation will not be easy. And now permit me this one assurance: Every department head and I are determined to do everything we can to resolve it."

These words, we suggest, can well be applied to the entire program. The forthright confidence that marked the President's delivery has dispelled all doubts about his grasp of the situation or his capacity for leadership. His performance itself has met with widespread approval. Even more important, his appraisal of the problems and his determination to meet them provides an inspiring and positive lead that warrants the full cooperation of Congress and the nation.

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U. S. Army photograph

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